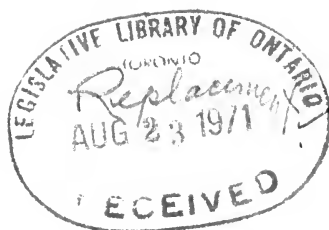


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APPENDIX

TO THE

FORTY-SEVENTH VOLUME

OF THE

Journals of the Legislative Assembly of Ontario

SESSION 1913



TORONTO:

Printed and Published by L. K. CAMERON, Printer to the King's Most Excellent Majesty,
1913.

LIST OF APPENDIXES, 1913.

No. 1. Report of the Standing Committee on Public Accounts.

No. 2. Report of the Standing Committee on Privileges and Elections upon charges preferred by William Proudfoot, M.P.P. for Centre Huron.

APPENDIX

No. 1.

Report of the Committee on Public Accounts, 1913

To the Honourable the Legislative Assembly of the Province of Ontario:

The Standing Committee on Public Accounts begs leave to present the following, as its Report,

Your Committee has had produced before it the following accounts, vouchers, correspondence and particulars in connection with the Public Accounts of the Province of Ontario for the fiscal year, ending 31st October, 1912, which it has carefully examined and considered:—

All correspondence between the Hydro-Electric Commission and the F. H. McGuigan Construction Co., also copies of tenders, specifications, etc., re contract for Niagara Transmission line.

All vouchers, accounts, etc., relating to item \$220,595.76, appearing on page 24, of the Public Accounts.

All vouchers, accounts, etc., relating to item \$194,542.53, appearing on page 338 of the Public Accounts.

All vouchers, accounts, etc., relating to item \$17,316.85, appearing on page 24 of the Public Accounts.

Payrolls showing the operating expenses of the Nipissing Central Railway, relating to item \$33,827.28, appearing on page 157 of the Report of the Timiskaming and Northern Ontario Railway for 1912.

Evidence regarding item \$650,000.00, appearing on page 549 of the Public Accounts.

Evidence regarding the expenditures of the Hydro-Electric Commission appearing on page 550 of the Public Accounts.

All vouchers, accounts, etc., relating to item \$21,068.03, appearing on page 237 of the Public Accounts.

All vouchers, accounts, etc., relating to item \$1,458.33, appearing on page 22 of the Public Accounts.

All vouchers, accounts, etc., relating to item \$15.00, appearing on page 219 of the Public Accounts, and all accounts, vouchers, etc., relating to item \$15.00, appearing on page 346 of the Public Accounts.

All vouchers, accounts, etc., relating to item \$42,569.27, appearing on page 325 of the Public Accounts.

All vouchers, accounts, etc., relating to item \$11,060.85, appearing on page 372 of the Public Accounts.

All vouchers, accounts, etc., relating to item \$19,946.18, appearing on page 323 of the Public Accounts.

Minute Book, showing the particulars of what occurred at meeting of the Hydro-Electric Commission when tenders were opened, considered, accepted or rejected, and contracts awarded during the years 1908, 1909, and all particulars connected with items appearing on pages 80, 81, 82, 217 and 229 of the report of the Hydro-Electric Commission for the said years 1908-1909.

All vouchers, accounts, etc., relating to item \$700.00, appearing on page 216 of the Public Accounts.

Messrs. W. W. Pope, Secretary of the Hydro-Electric Commission; F. A. Gaby, Engineer to the Hydro-Electric Commission; F. H. McGuigan, Aubrey White, Deputy Minister of Lands and Forests; R. P. Fairburn, Deputy Minister of Public Works; Dr. W. S. McCullough, R. J. Parke, K. McDonald, Superintendent of the Nipissing Central Railway; A. J. McGee, Secretary-Treasurer of the Timiskaming and Northern Ontario Railway; George J. Stanley, George C. Taylor, L. E. C. Thorne, H. M. Perry, E. C. Settell, H. E. Hurd, S. E. Todd, W. B. Roadhouse, Deputy Minister of Agriculture; Wm. Robinson, Harold Findlay, Frank Leslie, and Angus McCaulay were examined.

Your Committee has held, during the present Session, 12 meetings, and submits herewith the Minutes of the proceedings and the evidence given, as taken by stenographers.

All of which is respectfully submitted.

G. H. FERGUSON,

Chairman.

Committee Room,

Toronto, April 23rd, 1913.

MINUTES AND PROCEEDINGS PUBLIC ACCOUNTS COMMITTEE
ROOM, LEGISLATIVE ASSEMBLY.

Toronto, March 14th, 1913.

The Select Standing Committee to whom was referred the examination of the Public Accounts of the Province for the year ending 31st October, 1912, and composed of the following Members: Sir James Whitney, and Messieurs Bowman, Beck, Clarke, Dargavel, Eilber, Elliott, Ellis, Ferguson (Grenville), Fraser, Galna, Gamey, Hanna, Hartt, Hendrie, Hogarth, Johnson, Lucas, MacArthur, Mackay, Mageau, Munro, Musgrove, McCrea, McElroy, McGarry, McKeown, Pattinson, Peck, Preston (Lanark), Proudfoot, Racine, Reaume, Rowell, Scholfield, Shillington, Sinclair, Thompson (Simcoe), Westbrook, met this day for organization, at 10.30 a.m.

Present—Messieurs Bowman, Clarke, Eilber, Elliott, Ellis, Ferguson, (Grenville), Fraser, Galna, Hendrie, Johnson, MacArthur, Mageau, McElroy, McKeown, Pattinson, Preston (Lanark), Reaume, Scholfield, Sinclair, Westbrook.

On motion of Mr. Hendrie:—

Resolved, That Mr. Ferguson (Grenville), be elected Chairman for the Session.

On motion of Mr. Clarke, seconded by Mr. Sinclair,

Ordered, That Mr. W. W. Pope, Secretary of the Hydro-Electric Commission, be summoned to appear before this Committee at its next meeting and give evidence regarding the item of \$458,159.16, appearing on page 549 of the Public Accounts; and also to have with him there and produce, the memorandum, or agreement, of settlement made between the Hydro-Electric Power Commission and F. H. McGuigan Construction Company of matters in dispute between them, arising out of or connected with the said contract. 2. Copies of all letters passing between any Counsel or Solicitor for the Commission and the Commission, or the Chairman, or any other member thereof, with reference to the settlement of the claim of the F. H. McGuigan Construction Company.

3. Copies of all letters passing between the Commission or any member thereof, or any Counsel or Solicitor or any other person in its behalf, and the F. H. McGuigan Construction Company or its Solicitor, embodying the terms of the settlement. 4. The contract, dated 6th November, 1908, entered into between the said F. H. McGuigan Construction Company and the Commission for complete work for high tension transmission lines, including the general conditions of contract marked A (11 pages), Instructions to lump sum bidders attached to tender for complete work of high tension transmission lines. Specifications for complete work for high tension transmission lines, Form of tender attached to specifications for complete work for high tension transmission lines, Specifications for steel transmission towers, Specifications for transmission line cable, Specifications for erection of high tension transmission

lines, Data for No. 10 telephone wire and aluminum cable, marked B (31 pages), blue print plan of surveyed transmission lines and stations (No. A 76), blue print of all angle iron footing (No. 3 T. 26), blue print erection of footing (No. 3 T. 29) marked C, blue print single circuit tower, Canadian Bridge Company, marked D., double circuit tower, marked E, blue print required spacing for hanging insulator for aluminum cable, (No. 1 T. 32), marked F, and all plans and specifications and drawings therein provided for, forming part of the said contract. 5. The tender of the F. H. McGuigan Construction Company for complete work for high tension transmission lines which was accepted by the Hydro-Electric Power Commission, and a copy of any report or reports made upon such tender by the Commission's Engineer, or any Engineer on behalf of the Commission. 6. The estimate by the Engineer of the Commission of the cost of construction of said lines.

Also: All advertisements, specifications, plans, drawings, etc., upon which tenders were asked for the construction of the Hydro-Electric transmission line or any part thereof or for transforming stations and stepping down plants.

Also: All tenders received.

The Committee then adjourned to meet again on Wednesday, March 19th, at 11 a.m.

Public Accounts Committee Room,

Wednesday, March 19th, 1913.

Committee met pursuant to adjournment at 11 a.m.

Present—Messieurs Ferguson (Grenville), Chairman; Bowman, Dargavel, Eilber, Elliott, Ellis, Galna, Hartt, Hendrie, Johnson, Lucas, MacArthur, Mageau, Munro, McCrea, McElroy, McGarry, Peck, Preston (Lanark), Racine, Rowell, Scholfield, Shillington, Sinclair, Thompson (Simcoe), Westbrook.

Mr. W. W. Pope, Secretary to the Hydro-Electric Commission attended with papers ordered, was sworn and examined.

On motion of Mr. Bowman, seconded by Mr. Munro,

Ordered, That Mr. Gaby, Engineer of the Hydro-Electric Commission and Messrs. C. L. de Mural, and F. H. McGuigan, be summoned to appear before the Committee at its next meeting and produce all papers, documents, agreements and other memoranda relating to construction of the Niagara transmission line and the construction thereof and the settlement therefor.

On motion of Mr. Bowman, seconded by Mr. Munro,

Ordered, That Mr. Aubrey White, Deputy Minister of Crown Lands be summoned to appear before this Committee at its next meeting to give evidence

regarding the item of \$220,595.76, appearing on page A24 of the Public Accounts, and also to have with him and produce all papers, documents and correspondence relating to the sale of any lands connected with the said item of \$220,595.76.

Mr. W. W. Pope was ordered to re-attend at the next meeting of the Committee and was, as in constant use, allowed to retain in his custody the papers produced, on the understanding that they would be re-produced at the next meeting of the Committee, and that in the meantime he would be notified more particularly what papers would be required.

The Committee then adjourned to meet again on Wednesday, March 26th, at 11 a.m.

The following letter put in by the Chairman:—

Toronto, March 20th, 1913.

G. Howard Ferguson, Esq., M.P.P.,
Parliament Buildings,
Toronto.

Dear Sir:—

Complying with your suggestion that I should specify as far as possible the documents we would like Mr. Gaby to produce on Wednesday next, and in order to avoid the bringing up of unnecessary documents, I would mention the following as being documents we will require:—

1. All the exhibits produced at the examination of Mr. Pope yesterday.
2. All the documents called for in Mr. Pope's examination which he was not able to produce, particularly any plans or documents referred to in the contract between the Commission and the McGuigan Construction Company.
3. All the tenders referred to on pages 80, 81, 82 of the Commission's Report of 1909. My recollection is that these were asked for yesterday and promised to be put in.

I noticed in the letter produced by Mr. Pope from Mr. Sothman to Mr. Beck of July 22nd, 1908, reporting on the tenders, reference is made to letter from Muralt, stating that they had arranged to withdraw their tender, and to have it returned. This letter was to be looked up and produced. I would like to make sure that Mr. Gaby has this with him.

I noticed in the same letter Mr. Sothman figured out the amount of the unit tenders for the purpose of comparison with the lump sum tenders. We would like Mr. Gaby to have the data with him showing how the amounts of these unit tenders were arrived at, as I judge from looking at the tenders as published in the report of the Commission for 1909 the tenders were based on certain quantities which do not appear on the face of the tender. We would like to have the quantities and the amount of the various unit tenders appearing on pages 81 and 82 as figured out by the engineers, as I take it for granted that

each tender was figured out by the engineers at the time to see what it would amount to on the basis of the quantities covered by the specifications.

I would like to have Mr. Gaby bring any documents that throw light on the claims put up by Mr. McGuigan in his claim, and on the amounts allowed by Mr. Staunton in the settlement, and if there is any further correspondence with Mr. Staunton than that produced yesterday by Mr. Pope, I would like to get this.

Yours very truly,

(Signed)

J. C. ELLIOTT.

Public Accounts Committee Room,
Wednesday, March 26th, 1913.

Committee met pursuant to adjournment at 11 a.m.

Present: Messieurs Ferguson (Grenville), Chairman; Bowman, Clarke, Eilber, Ellis, Fraser, Galna, Hartt, Hendrie, Hogarth, Johnson, Lucas, MacArthur, Mageau, Munro, Musgrove, McElroy, McGarry, McKeown, Pattinson, Preston (Lanark), Racine, Reaume, Rowell, Shillington, Sinclair, Westbrook.

Mr. W. W. Pope, Secretary of the Hydro-Electric Commission re-attended and produced all papers specified in a letter from Mr. J. C. Elliott to the Chairman, dated March 20, 1913, and requested that he be allowed to explain; more particularly, answers to certain questions put to him by Mr. Rowell at the last meeting of the Committee. Allowed.

Telegram dated March 24, 1913, from Mr. C. L. de Muralt was read by the chairman.

Mr. F. A. Gaby, Chief Engineer of the Hydro-Electric Commission, attended and was sworn and examined.

Mr. F. H. McGuigan attended, but was not examined.

On motion of Mr. Bowman, seconded by Mr. Munro,

Ordered, That Messrs. W. W. Pope, F. A. Gaby, and F. H. McGuigan re-attend for examination at the next meeting of the Committee.

Chairman read telegram received from Mr. C. L. de Muralt asking \$250 in advance before attending before the Committee.

Committee then adjourned to meet again on Thursday, March 27th at 10 a.m.

Public Accounts Committee Rooms,
Thursday, March 27th, 1913.

Committee met pursuant to adjournment at 10 a.m.

Present: Messieurs Ferguson (Grenville), Chairman, Bowman, Clarke, Dargavel, Eilber, Ellis, Fraser, Galna, Hartt, Hendrie, Hogarth, Johnson,

Lucas, MacArthur, Mageau, Munro, Musgrove, McCrea, McElroy, McGarry, McKeown, Peck, Preston (Lanark), Reaume, Rowell, Scholfield, Shillington, Sinclair, Thompson (Simcoe), Westbrook.

Messrs. W. W. Pope, F. A. Gaby re-attended, but were not examined. Mr. F. H. McGuigan, reattended and was sworn. Asked to be excused from giving evidence on the ground that he was being sued for a large sum in connection with his contract with the Hydro-Electric Commission and that while a case was *sub-judice* he should be asked no questions concerning such contract or produce any papers.

Witness excused to enable him to consult with his solicitors as to the wisdom of his giving any evidence under the circumstances.

On motion of Mr. Bowman, seconded by Mr. Sinclair,

Ordered, That Mr. Fairbairn, Deputy Minister of Public Works, attend and produce all papers connected with new Government House, item \$194,-542.53, page 338 of the Public Accounts.

Committee then adjourned to meet again on Wednesday April 2nd, at 11 a.m.

Public Accounts Committee Room,

Wednesday, April 2nd, 1913.

Committee met pursuant to adjournment at 11 a.m.

Present: Messieurs Ferguson (Grenville) Chairman; Bowman, Clarke, Dargavel, Eilber, Elliott, Galna, Hartt, Hendrie, Mageau, Munro, Musgrove, McCrea, McGarry, Peck, Racine, Rowell, Sinclair.

Mr. W. W. Pope re-attended with papers, but was not examined.

Mr. F. H. McGuigan attended and was examined.

Mr. Fairbairn, Deputy Minister of Public Works, attended and was examined.

On motion of Mr. Elliott, seconded by Mr. Sinclair,

Ordered, That D. J. W. S. McCullough be summoned to appear at the next meeting of the Committee and give evidence regarding item \$17,316.85 appearing on page 24 of the Public Accounts.

On motion of Mr. Elliott, seconded by Mr. Sinclair,

Ordered, That Mr. R. J. Parke be summoned to appear at the next meeting of the Committee.

Mr. F. H. McGuigan ordered to attend at next meeting of the Committee.

Committee then adjourned to meet again on Friday, April 4th, at 10.30 a.m.

Public Accounts Committee Room,

Friday, April 4th, 1913.

The Committee met pursuant to adjournment at 10.30 a.m.

Present: Messieurs Ferguson (Grenville) Chairman; Elliott, Galna, Hartt, Hendrie, Johnson, MacArthur, Mageau, Munro, Musgrove, McCrea, McGarry, Pattinson, Preston (Lanark) Rowell, Thompson (Simcoe), Westbrook.

The Chairman read a letter received from Mr. Rowell specifying more particularly than in motion of March 19th the papers he would wish to have produced by Mr. McGuigan.

Mr. W. W. Pope re-attended, but was not examined.

Mr. F. H. McGuigan re-attended and was examined.

Mr. Rowell asked that the agreement between Mr. F. H. McGuigan and Mr. C. L. de Muralt regarding the withdrawal by the latter of his tender for the construction of the transmission line of the Hydro-Electric Commission be produced before the Committee.

The Chairman objected as outside the scope of the enquiry. Mr. McGuigan, however, expressed his willingness to produce same, if he could find it.

The witness was then excused, but undertook to re-attend if he could find the agreement referred to.

Dr. J. W. S. McCullough, Deputy Registrar General, attended, but was not examined.

Mr. R. J. Parke attended, but was not examined.

Messrs. McCullough and Parke ordered to attend at next meeting of the Committee.

On motion of Mr. Elliott, seconded by Mr. Munro,

Ordered, That Mr. Engh and Mr. P. W. Sothman be summoned to attend at the next meeting of the Committee and give evidence regarding item \$595,-591.42 appearing on page 550 of the Public Accounts.

On motion of Mr. Elliott, seconded by Mr. Munro,

Ordered, That Mr. K. McDonald, Superintendent of the Nipissing Central Railway, be summoned to appear before the Committee at its next meeting and give evidence regarding the item of \$33,827.28 appearing on page 157 of the report of the Timiskaming and Northern Ontario Railway Commission for 1912, as being the total operating expenses of the Nipissing Central Railway for the period from 1st November, 1911, to October 31st, 1912; and also to have with him and produce the pay roll of the Nipissing Central Railway for the same period, the accounts for power and all other papers and vouchers relating to the said item.

On motion of Mr. Elliott, seconded by Mr. Munro,

Ordered, That Mr. E. Tinsley, Superintendent of the Game and Fisheries Department, be summoned to appear before the Committee at its next meeting and give evidence regarding item \$89,333.82 appearing on page A31 of the Public Accounts, 1912, as being the total amount of the revenue received from fisheries during the year ending 31st October, 1912.

And also to have with him and produce copies of all permits granted by the Department of Game and Fisheries to the Dominion Fish Company or to any tugs owned or operated by them or to any person or corporation on their behalf during the said period, and also copies of all correspondence relating to the granting of said permits or to the application of any other person or persons for permits to fish in the waters covered by the fishing permits granted to the Dominion Fish Company or to any person or Corporation on its behalf.

On motion of Mr. Elliott, seconded by Mr. Munro,

Ordered, That Mr. A. J. McGee, Secretary-Treasurer of the Timiskaming and Northern Ontario Railway, be summoned to appear before the Committee at its next meeting and give evidence regarding the item \$33,827.28 appearing on page 157 of the Report of the Timiskaming and Northern Railway Commission for 1912 as being the total operating expenses of the Nipissing Central Railway for the period from 1st November, 1911, to 31st October, 1912;

And also to have with him and produce the pay roll of the Nipissing Central Railway for the said period, the accounts for power and all other papers and vouchers relating to the said item.

On motion of Mr. Elliott, seconded by Mr. Munro,

Ordered, That Mr. George J. Stanley, Manager at Rochester, N.Y., of the Northern Aluminum Company, be summoned to appear before this Committee at its next meeting and give evidence regarding the item of \$650,000.00 appearing on page 549 of the Public Accounts, 1912.

Committee then adjourned to meet again on Wednesday, April 9th at 10.30 a.m.

Public Accounts Committee Room,

Wednesday, April 9th, 1913.

Committee met pursuant to adjournment at 10.30 a.m.

Present: Messieurs Ferguson (Grenville) Chairman; Bowman, Clarke, Dargavel, Fraser, Galna, Hartt, Hendrie, Johnson, MacArthur, Mageau, Munro, McElroy, McGarry, Pattinson, Preston (Lanark), Proudfoot, Reaume, Rowell, Shillington, Thompson (Simcoe) Westbrook.

Chairman read letter from Mr. J. Engh, New York, stating that he could not attend meeting.

Chairman read telegram from Mr. P. W. Sothman, New York, stating that he could not, owing to illness, attend meeting.

Mr. F. H. McGuigan sent message that he had, so far, been unable to find agreement asked for at last meeting of the Committee as he had been unable to go to Montreal.

Mr. George J. Stanley attended and was sworn and examined.

Mr. R. J. Parke attended and was sworn and examined.

Mr. A. J. McGee, Secretary-Treasurer of the Timiskaming and Northern Ontario Railway Commission, attended and was sworn and examined.

Mr. K. McDonald, Superintendent of the Nipissing Central Railway, attended and was sworn and examined.

Dr. J. W. S. McCullough, Deputy Registrar General, attended, but was not examined.

Mr. E. Tinsley, Department Game and Fisheries, attended, but was not examined.

Mr. H. G. Cox, Department Game and Fisheries, attended, but was not examined.

Ordered, That Messrs. McCullough, Tinsley and Cox attend for examination at the next meeting of the Committee.

On motion of Mr. Clarke, seconded by Mr. Mageau,

Ordered, That Mr. E. C. Settell, of the office of the Hydro-Electric Commission be summoned to appear before the Committee at its next meeting and give evidence relating to the expenditures of the Hydro-Electric Commission as set forth on page 550 of the Public Accounts, 1912, and bring with him all re-

cords relating to the receipt of tenders, of the moneys received as deposits with tenders and of the return of same.

On motion of Mr. Rowell, seconded by Mr. Munro;

(1) That this Committee present a special report to the Legislature that it has received from Mr. C. L. de Muralt, Electrical Engineer, residing at Ann Arbor, Michigan, a witness summoned to appear before this Committee to give evidence with reference to certain items relating to the construction of the Niagara Transmission lines of the Hydro-Electric Power Commission, appearing in the Public Accounts of the Province, the following telegram:

“G. H. Ferguson,
Chairman Public Accounts Committee:

“Impossible for me to be in Toronto March 26th, but provided you pay expenses I can be there any day between April 4th and 14th. Send me New York draft for \$250.00 to Dobbs Ferry, N.Y., and state when you want me. I will be Dobbs Ferry until March 29th and then Ann Arbor.

C. L. de Muralt.”

(2) That this Committee request the Legislature to authorize the Chairman of the Committee to wire the said witness the amount asked for by him, or an undertaking to pay him the said amount if he attends as a witness to give evidence before the Committee, as the Chairman may decide.

Mr. McGarry, in amendment, moved, seconded by Mr. Johnson, that clause 2 of Mr. Rowell's motion be stricken out and the following substituted therefor: “That the Chairman be instructed to ascertain from Mr. de Muralt's solicitors, whether in the event of the Chairman guaranteeing Mr. de Muralt's expenses the latter will attend and give evidence before the Committee.

Yeas and nays asked for and amendment declared carried on the following division: Yeas, 12; nays, 6.

The Chairman, in answer to questions, ruled that nothing can be asked from any witness that does not specifically refer to items appearing in the Public Accounts between the dates November 1st, 1911 and October 31st, 1912.

On motion of Mr. Munro, seconded by Mr. Clarke,

Ordered, That Mr. George C. Taylor be summoned to appear before this Committee at its next meeting and give evidence regarding item \$26,068-03, appearing on page 237 of the Public Accounts, 1912, and to bring with him and produce all accounts, vouchers, papers and other documents relating to the said item and that all accounts, vouchers, papers and other documents relating to the said item in possession of the Provincial Secretary's Department also be produced at the next meeting of this Committee.

On motion of Mr. Clarke, seconded by Mr. Munro,

Ordered, That Mr. L. E. C. Thorne be summoned to appear before this Committee at its next meeting and give evidence regarding two items of \$500.00 and \$21,068.03 appearing on page 237 of the Public Accounts, 1912, and that all accounts, vouchers, papers and other documents relating to the said items be produced before this Committee.

On request of Mr. Rowell it was carried that an Interim Report be presented to the Legislature embodying the motion of Mr. Rowell *re* advancing expenses for attendance of Mr. de Muralt before this Committee, and amendment thereto by Mr. McGarry.

Committee then adjourned to meet again on Friday, April 11th, at 10.30 a.m.

Public Accounts Committee Room,

Friday, April 11th, 1913.

Committee met pursuant to adjournment at 10.30 a.m.

Present: Messieurs Ferguson (Grenville) Chairman, Bowman, Clarke, Dargavel, Elliott, Fraser, Galna, Hartt, Hendrie, Hogarth, Johnson, MacArthur, Munro, Musgrove, McCrea, McElroy, McGarry, McKeown, Pattinson, Preston (Lanark), Proudfoot, Racine, Rowell, Scholfield, Sinclair, Thompson (Simcoe), Westbrook.

Mr. W. W. Pope attended with papers.

The Chairman read a letter from Mr. L. E. C. Thorne, stating his inability to be present at this meeting of the Committee.

The Chairman read telegram from Mr. P. W. Sothman, New York, reiterating his inability to attend, through illness, and asking, if possible, to take his evidence in New York.

The Chairman then read a telegram received from a friend of his in New York.

“G. H. Ferguson,

Queen's Hotel, Toronto:

Sothman seen in office at 11 o'clock to-day, actively at work attending to business; mentioned having received injuries in railway accident last December and was under doctor's care. Shows no indication of either injury or ailment. Stated he received telegram from you requesting his attendance, but was not going. Present location of office, 7267 Whitehall Place.

The Chairman stated that in accordance with Mr. McGarry's amendment, carried at last meeting of the Committee, he had consulted Mr. Ballantyne, Solicitor for Mr. de Murault, and that he (Ballantyne) objected to his giving evidence before this Committee while a certain lawsuit was still *sub judice*.

Mr. F. H. McGuigan phoned that he had still been unable to visit Montreal and see if agreement asked for was still in existence.

Mr. H. G. Cox, Game and Fisheries Department, attended, but was not examined.

Mr. Armstrong, Deputy Provincial Secretary, attended, but was not examined.

Mr. George C. Taylor attended and was sworn and examined.

Mr. Proudfoot objected to some answers given, as not sufficient. Chairman ruled to the contrary.

Mr. E. C. Settell attended and was sworn and examined.

Dr. J. W. S. McCullough attended and was sworn and examined.

On motion by Mr. Rowell that Committee meet on Tuesday, April 15th, standing vote asked for. Yeas, 6; nays 8.

On motion of Mr. Bowman, seconded by Mr. Sinclair,

Ordered, That Mr. H. E. Hurd be summoned to appear before this Committee at its next meeting and give evidence regarding item of \$15.00 appearing on page 346; and item of \$15.00 on page 219 of the Public Accounts, 1912, as having been paid for veterinary services.

On motion of Mr. Bowman, seconded by Mr. Sinclair,

Ordered, That Mr. S. E. Todd, Farm Director, be summoned to appear before this Committee at its next meeting and give evidence regarding item of \$1,458.33 appearing on page 22 of the Public Accounts, 1912, as having been paid to the said Todd for seven months' salary as Farm Director.

On motion of Mr. Bowman, seconded by Mr. Sinclair,

Ordered, That Mr. E. R. Rogers, Inspector of Asylums and Prisons, be summoned to appear before this Committee at its next meeting to give evidence regarding an item of \$1,458.33 appearing on page 22 of the Public Accounts, 1912; an item of \$15.00 appearing on page 219 of the Public Accounts, 1912, as having been paid to H. E. Hurd for veterinary services; and an item of \$15.00 appearing on page 346 as having been paid to H. E. Hurd for veterinary

services; and also to bring with him and produce all vouchers, correspondence, accounts or other papers and documents relating to the said items.

On motion of Mr. Proudfoot, seconded by Mr. Bowman,

Ordered, That Mr. W. K. McNaught be summoned to appear before this Committee at its next meeting and produce any letters or other communications in his possession in relation to Taylor, Scott & Co. claim.

On motion of Mr. Proudfoot, seconded by Mr. Sinclair,

Ordered, That all papers relating to the claim of Taylor, Scott & Co. against the Government, in the hands of Mr. Taylor or his solicitors or in the hands of the Solicitor for the Department or Departments of the Government or with any Department of the Government which has had the claim under consideration, be produced at the next session of this Committee and that Mr. Taylor, Mr. Thorne and Mr. Perry be summoned to appear at the next session and produce all said papers and all books and documents in their possession or the possession of their solicitor or solicitors.

On motion of Mr. Elliott, seconded by Mr. Sinclair,

Ordered, That Mr. A. E. Belcher, a clerk in the Registrar-General's office, be summoned to appear before this Committee at its next meeting and give evidence respecting the item of \$1,000.00, which appears on page 24 of the Public Accounts as having been paid to said Belcher as salary.

On motion of Mr. Clarke, seconded by Mr. Sinclair,

Ordered, That the Minister of Agriculture be requested to appear before this Committee at its next meeting to explain the item of \$42,569.27, appearing on page 325 of the Public Accounts, the item of \$11,060.85 appearing on page 372 of the Public Accounts, and the item of \$19,946.18 appearing on page 323 of the Public Accounts, and also to bring with him and produce all accounts, vouchers, correspondence or other memoranda relating to the said items.

On motion of Mr. Elliott, seconded by Mr. Clarke,

Ordered, That Mr. W. W. Pope and Mr. E. C. Settell be requested to attend at the next meeting of this Committee and produce the Minute Book or record of the Commission showing the minutes of all meetings of the Commission at which tenders were opened, considered, accepted or rejected and contracts awarded for the construction and equipment of the Niagara Transmission Line and the Transformer and Interswitching stations during the years 1908 and 1909, and particularly those showing on pages 80, 81, 82, 217 and 229 of the Report of the Commission for the years 1908 and 1909, and all the said tenders and the correspondence with reference thereto, the specifications in reference to the Transformer stations and all plans, etc., relating thereto.

Committee then adjourned to meet again on Wednesday, April 16th, at 10.30 a.m.

Public Accounts Committee Room,

Wednesday, April 16th, 1913.

Committee met pursuant to adjournment at 10.30 a.m.

Present: Messieurs Ferguson (Grenville), Chairman; Bowman, Dargavel, Eliber, Elliott, Galna, Hartt, Hendrie, Hogarth, Johnson, MacArthur, Munro, Mageau, Musgrove, McElroy, McGarry, Pattinson, Preston (Lanark), Proudfoot, Racine, Scholfield, Shillington, Sinclair, Thompson (Simcoe).

Mr. S. E. Todd, Farm Director, attended, and was sworn and examined.

Mr. H. E. Hurd attended, and was sworn and examined.

Mr. L. E. C. Thorne attended, and was sworn and examined.

Mr. H. M. Perry attended, and was sworn and examined.

Mr. W. B. Roadhouse, Deputy Minister of Agriculture, attended, and was sworn and examined.

Mr. S. Armstrong, Deputy Provincial Secretary, attended, but was not examined.

Mr. W. K. McNaught attended, but was not examined.

Mr. Semple, Secretary to the Provincial Secretary, attended, but was not examined.

Mr. I. Montgomery, Solicitor for Mr. George C. Taylor, attended with documents asked for.

Mr. A. M. Stewart, Solicitor, attended with documents asked for.

Mr. W. W. Pope attended, but was not examined.

Mr. E. C. Settell attended, but was not examined.

Mr. H. G. Cox attended, but was not examined.

The Chairman read a certificate from Dr. Colquhoun, that Mr. A. E. Belcher was too ill to attend.

Mr. George C. Taylor re-attended with further papers asked for, and was re-examined.

On motion of Mr. Bowman, seconded by Mr. Sinclair,

Ordered, That Mr. Wm. Robinson be summoned to appear before the Committee at its next meeting and give evidence in connection with item \$700.00 appearing on page 216 of the Public Accounts.

The Committee then adjourned to meet again on Friday, April 18th, at 10.30 a.m.

Public Accounts Committee Room,

Friday, April 18th, 1913.

Committee met pursuant to adjournment at 10.30 a.m.

Present: Messieurs Ferguson (Grenville), Chairman; Bowman, Dargavel, Elliott, Fraser, Galna, Hartt, Hogarth, Johnson, Lucas, MacArthur, Mageau, Munro, Musgrove, McCrea, McGarry, Pattinson, Peck, Preston (Lanark), Proudfoot, Racine, Reaume, Rowell, Sinclair, Thompson (Simcoe).

Mr. George C. Taylor re-attended and was re-examined.

Chairman ruled that certain questions asked were out of order. Mr. Proudfoot appealed against the ruling and Chair was sustained by show of hands, 12 for, 5 against.

Moved by Mr. McGarry, seconded by Mr. Thompson (Simcoe), that the question just asked the witness by Mr. Proudfoot be expunged from the records of this Committee and further that all business which may follow upon the questions be also expunged from the records.

Yeas and nays asked for. Yeas 13, nays 6, and evidence ordered stricken out.

Mr. W. W. Pope re-attended, but was not examined.

Mr. W. B. Roadhouse attended, but was not examined.

Mr. S. Armstrong attended, but was not examined.

Mr. A. E. Semple attended, but was not examined.

Dr. McCullough attended, but was not examined.

Mr. W. K. McNaught attended, but was not examined.

Mr. H. G. Cox attended, but was not examined.

Mr. Wm. Robinson attended, but was not examined.

Moved by Mr. Bowman, seconded by Mr. Sinclair,

That a special report of the Committee containing the questions and answers objected to be submitted to the House with a view to taking the opinion of the House on the propriety of the questions.

Lost on division. Yeas 7; nays 13.

On motion of Mr. Elliott, seconded by Mr. Sinclair,

Ordered, That Harold Findlay, of North Cobalt, N. Huntingdon and A. Montgomery, employees on the Nipissing Central Railway, be subpoenaed to attend before this Committee at its next meeting to give evidence in regard to the item \$33,827.00 appearing on page 157 of the Report of the Timiskaming and Northern Ontario Railway Commission.

The Committee then adjourned to meet again at the call of the Chair.

Public Accounts Committee Room.

Tuesday, April 22nd, 1913.

Committee met at call of the Chair at 10.30 a.m.

Present:- Messieurs Ferguson (Grenville), Chairman; Bowman, Eilber, Elliott, Ellis, Fraser, Galna, Gamey, Hartt, Hendrie, Hogarth, Johnson, Lucas, Mageau, Musgrove, McElroy, McGarry, McKeown, Pattinson, Peck, Preston (Lanark), Proudfoot, Racine, Reaume Rowell, Scholfield, Shillington, Sinclair, Thompson (Simcoe), Westbrook.

The Chairman explained and quoted precedents for the action of the Committee at last meeting in connection with the asking and expunging of irrelevant questions.

Moved by Mr. Proudfoot, seconded by Mr. Elliott. That the questions and answers and motions and amendments which were expunged from the record at the meeting on Friday last be restored.

In amendment, moved by Mr. McGarry, seconded by Mr. Hartt: That, whereas, on Friday, the 18th inst., this Committee resolved, that, because certain questions asked by Mr. Proudfoot were irrelevant to the items under consideration,

And, whereas, the Chairman of this Committee had already ruled a similar question to be irrelevant,

And, whereas, no evidence whatever, has been expunged from the records, therefore this Committee is of the opinion that no reconsideration of its action is necessary.

Yeas and nays asked for.

Amendment carried. Yeas 18; nays 6.

Mr. Frank Leslie attended and was sworn and examined.

Mr. Angus McCaulay attended and was sworn and examined.

Mr. Harold Findlay attended and was sworn and examined.

Mr. N. Huntington having moved to the North-West territories, was not summoned.

Mr. W. W. Pope attended and was re-examined.

Mr. Wm. Robinson attended and was sworn and examined.

Dr. McCullough attended and was sworn and examined.

Mr. Aubrey White, Deputy Minister of Lands and Forests, attended and was sworn and examined.

Certificate from Dr. Colquhoun was produced. Mr. A. E. Belcher still too ill to give evidence before the Committee.

Mr. A. E. Semple attended, but was not examined.

Mr. S. Armstrong attended, but was not examined.

Mr. E. C. Settell attended, but was not examined.

Mr. W. K. McNaught attended, but was not examined.

Mr. G. H. Cox attended, but was not examined.

Mr. W. B. Roadhouse attended, but was not examined.

Mr. George C. Taylor re-attended in response to 'phone message and was re-examined.

Chairman objects to questions by Mr. Proudfoot as irrelevant and ruling is disputed.

Yeas and nays taken and ruling of the Chair sustained. Yeas 12; nays 5.

Moved by Mr. Proudfoot, seconded by Mr. Bowman: That this Committee do make an interim report on the Taylor, Scott Co. contract at once, so that the matter can be brought up in the House this afternoon.

Lost on division. Yeas 5; nays 10.

Witness discharged, Mr. Proudfoot declining to go further with the examination.

Committee then adjourned to meet again on Wednesday, April 23rd, at 10.30 a.m.

Public Accounts Committee Room,

Wednesday, April 23rd, 1913.

Committee met pursuant to adjournment at 10.30 a.m.

Present: Messieurs Ferguson (Grenville), Chairman; Bowman, Dargavel, Eilber, Elliott, Fraser, Galna, Hartt, Hendrie, Johnson, Lucas, Munro, MacArthur, Musgrove, McElroy, McGarry, McKeown, Pattinson, Preston (Lanark), Racine, Rowell, Shillington, Thompson (Simcoe).

Mr. W. W. Pope re-attended, but was not examined.

Mr. E. C. Settell attended, but was not examined.

Mr. F. H. McGuigan was sent for, re-attended and was re-examined.

Witness discharged.

The Chairman then moved the adoption of the Report.

Moved in amendment by Mr. Elliott, seconded by Mr. Bowman:

That in view of the facts and circumstances hereinafter set forth, a Commission should be issued to take the evidence of P. W. Sothman, of the City of New York, in the State of New York; C. L. de Mural, Electrical Engineer, of Ann Arbor, Michigan, and J. Engh, of New York, in connection with the investigation of items of expenditure for the construction of the Niagara Transmission Line appearing on pages 549 and 550 of the Public Accounts of the Province of Ontario for the year ending 31st October, 1912.

1. The Hydro-Electric Power Commission in advertising for tenders for the construction of the Niagara Transmission Line asked for tenders for two classes: (1) Unit tenders, divided as follows: (a) Tenders for the supply of

steel towers, (b) tenders for the supply of aluminum or copper or wire cable, (c) tenders for the erection of the line; (2) Lump sum tenders covering the work included in the unit tenders (a), (b) and (c).

2. The tender which was accepted for the construction of the said line was the lump sum tender of the McGuigan Construction Company, amounting to \$1,270,000. A report of the Chief Engineer of the Commission, dated 22nd July, 1908, shows that one of the groups of unit tenders used by him for comparison with the McGuigan Construction Company lump sum tender after adding \$21,000 for telephone wire, \$40,000 for contingencies and extras, was still \$7,046 below the McGuigan Construction Company tender. Another report of the Chief Engineer, dated the same day, adds \$50,000 for contingencies and extras, and this report makes the unit tenders \$2,954 more than the lump sum tender of \$1,270,000.

3. In making the above comparison the unit tender for erection used was that of the Merrill-Ruckgaber-Fraser Company, amounting to \$448,868, whereas, according to the testimony of Mr. McGuigan, the tender of Muralt and Co., to whom the said work was sub-let by the McGuigan Company at the original tender price, was less than \$340,000, or approximately \$108,000 less than the said Merrill-Ruckgaber-Fraser tender of \$448,868.

4. The result is that, while Muralt and Company did the work of erection at the amount of their lowest tender, the withdrawal of the Muralt tender and the acceptance of the lump sum tender of \$1,270,000 cost the Province and the municipalities approximately \$100,000 more than the acceptance of unit tenders would have cost.

5. The evidence of Mr. McGuigan shows that the only tender he feared was that of Muralt and Company, and he entered into an agreement with them to withdraw their tender in consideration of his company sub-letting the erection of the transmission line to the Muralt Company at their original tender price, and thereupon the Hydro-Electric Commission permitted the said Muralt and Co. to withdraw their tender and receive back their cash deposit

6. One R. J. Park testified that the late C. B. Smith, who had been a member of the Commission in the year 1906, and during part of the year 1907, and who at the time of the letting of the contract, was interested with Mr. McGuigan in the profits of the contract, told him there was no use of putting in a tender to the Power Commission, as he had got all the other tenders wiped off the slate, and the McGuigan Construction Company was going to get the contract.

7. The hon. member for West Middlesex, and the hon. member for North Oxford have stated to this Committee that in their opinion the said P. W. Sothman, C. L. de Muralt and J. Engh can give evidence as to the circumstances under which the said McGuigan Construction Company obtained a knowledge of the contents of said tenders and also as to the circumstances under which the said Muralt and Company tender was withdrawn, and the contract awarded to

the McGuigan Construction Company, and by reason of the knowledge so obtained by the McGuigan Construction Company, the said Company was able to procure the withdrawal of the said Muralt and Company tender and thereby secure the contract at \$1,270,000, approximately \$100,000 more than the combined amount of the unit tenders above referred to, using the Muralt and Co. tender for erection, as is set forth in paragraphs 3 and 4 hereof.

8. As the Solicitors for the said C. L. de Muralt advise him not to attend and give evidence before the Committee on the ground stated, that he has an action or proceeding pending with the McGuigan Construction Company, Limited, and as this action is likely to be disposed of some considerable time before the next session of the Legislature, this Committee recommends that a Commission should issue to take the evidence of the said C. L. de Muralt after the settlement or conclusion of the action or proceeding now pending between him and the said McGuigan Construction Company, Limited, and before the next session of the Legislature.

9. That this Committee present the foregoing as a special report to the House and request the House to take the proper procedure to secure the due issue of one or more Commissions to take the evidence of the said P. W. Sothman, C. L. de Muralt, and J. Engh, and that the proper steps be taken to secure the attendance of the said parties as witnesses before the Commissioner or Commissioners appointed under the said Commission to give evidence in respect of the matters under investigation by this Committee, *viz.*, the expenditures by the Hydro-Electric Power Commission appearing on pages 549 and 550 of the Public Accounts of the Province of Ontario for the year ending 31st October, 1912; and that the said parties be summoned to produce before the said Commissioners all books, papers, documents, memoranda, of every nature and kind in their possession relating to the matters under investigation or any of them; and that the said Commission or Commissions, together with a copy of all evidence taken thereon and all exhibits filed, be returned by the said Commissioner or Commissioners to this House at the opening of its next session.

Amendment lost on division. Yeas 4; nays 12.

Moved by Mr. Elliott, seconded by Mr. Bowman, That in view of the fact that it seems difficult if not impossible to secure the attendance of several witnesses before the Public Accounts Committee before the close of the present session, this Committee recommends to the House that the Public Accounts Committee be instructed to consider the accounts of the year 1911-12 at the session of the Public Accounts Committee held during next session.

Motion declared lost on same division.

Mr. McGarry, seconded by Mr. Eilber, moved, that the Chairman be instructed to make the usual Report of this Committee to the House.—Carried.

Before adjourning, the Chairman recommended that the rules of the House be so amended as to permit the witnesses "residing at the seat of Government" to receive fees for attendance before the Public Accounts Committee.

Carried unanimously.

The Report was then adopted and the Committee adjourned.

PUBLIC ACCOUNTS COMMITTEE.

March 19, 1913.

The Committee met at 11 a.m.

MR. FERGUSON: The business before the Committee this morning is a return asked for by Mr. Clarke and Mr. Sinclair at the last meeting, and all the papers and contracts are here. You will observe that we are desirous of giving you every opportunity of going fully into the operation of the Hydro-Electric. The door is wide open and every facility will be afforded you of learning just what advantage this Commission is to the people of Ontario and how well it is managing its affairs.

MR. ELLIOTT: Perhaps that is the reason you have all the things we asked for picked out?

MR. FERGUSON: Mr. Pope is here to explain them.

MR. W. W. POPE, Secretary of the Hydro-Electric Commission, called and sworn:

MR. ROWELL: Mr. Pope, you are Secretary of the Hydro-Electric Commission?

A.—Yes, sir.

Q.—How long have you occupied that position?

A.—Since October, 1909.

Q.—And who preceded you in that position?

A.—Mr. E. C. Settell.

Q.—And where is he at the present time?

A.—He is my assistant.

Q.—He is still in the office of the Commission?

A.—Yes.

Q.—How long did he occupy the office of Secretary?

A.—I really cannot say, definitely. I think about three years—two or three years. From the start of the Commission.

Q.—Between you and Mr. Settell the position of secretary has been filled practically since the Commission started its work?

A.—Yes.

Q.—Then you as secretary have charge of the records of the Commission ?

A.—They are in the building—in a way, I have, yes.

Q.—You are in charge of the office ?

A.—Yes.

Q.—Can you tell us how this item of \$458,159.16 appearing on page 549 of the Public Accounts is made up ?

A.—That you will find explained fully a little further down on the same page—or on page 550. You will find the Niagara expenditure detailed to some extent.

Q.—It appears under the heading of Niagara transmission ?

A.—Yes. That item of \$458,159.16 is not all Niagara expenditure. The expenditure on distribution slightly lowers that.

HON. MR. LUCAS: It includes expenditure on other transmission lines ?

A.—Yes. This is a compilation in the Treasury office and evidently only the Niagara, Port Arthur and Government expenditure is taken into consideration.

MR. ROWELL: What does it include that is not properly chargeable to the Niagara transmission lines ?

A.—Some of the lines are low tension lines, lines of that sort, Port Arthur and St. Lawrence, Midland and Penetang.

Q.—Port Arthur is a separate item—is some of the Port Arthur expenditure included in the Niagara item ?

A.—No. Taking the Port Arthur expenditure and the \$170,000 of Government expenditure out of this \$650,000 and that is the balance.

Q.—Then do the items on page 550 totalling \$439,999.95 represent the actual expenditure on the Niagara transmission line for the year ?

A.—Yes.

Q.—That is the amount charged to capital account in respect of the transmission line for the year ?

A.—I am not quite sure how the distribution is done by the accounting department.

Q.—I see this amount is made up of “right of way, wood pole lines, steel tower lines”—what does that item “Steel Tower Lines” refer to ?

A.—That is set out in the books. I would have to go through the distribution for a year to find it. I cannot tell, offhand.

Q.—That is one of the things you were asked here to give evidence on—this item, how it is made up ?

A.—But I am not keeping the accounts.

Q.—Does that refer to the McGuigan contract ?

A.—Yes, sir.

Q.—The McGuigan settlement is in that ?

A.—Yes.

Q.—So the whole amount of this \$165,067.67 was paid McGuigan ?

A.—Yes, sir.

Q.—How much was paid him ?

A.—I cannot say without going through the books. That had to do with

the settlement of arbitration; the other items would be handled in the ordinary way through the accounting department.

Q.—Have you a book to show that ?

A.—This is the distribution book.

Q.—Can you look up and show me how that item is made up, that \$165,067.67 ?

A.—This is a year book, it starts on January, 1912; another book takes in November and December.

Q.—Perhaps this will show it.

MR. POPE: If you will come here, Mr. Pierdon will show you.

Q.—Who is Mr. Pierdon ?

A.—He is Chief Clerk of the engineering department.

At Mr. Rowell's suggestion the various amounts referred to were pointed out in the book. Mr. Pope put in as evidence a document showing these amounts.

MR. ROWELL: You produce a statement prepared by the engineering department which shows the details of the item of \$165,067.67, appearing on page 550 of the Public Accounts, to the extent of \$123,000, and you will have a statement covering the rest ?

A.—I left the men working on it.

Q.—That will all be marked Exhibit One, that is the details of the item of \$165,067.67 ?

A.—Yes. —. . . I may say this; take the question of wood pole lines; "Wood pole lines" represents the construction of lines in the Niagara district in a great many places. I think there are about seventy-five or eighty work orders. These pole lines will be distributed over seventy-five or eighty pieces of work, supplying the different branches, Dundas, Caledonia, Cayuga, Weston, Georgetown and Milton.

Q.—Wood pole lines amounts, on page 550, to \$137,183.58 ?

A.—Yes, that is divided in seventy-five or eighty work orders.

Q.—Was that any part of the McGuigan contract ?

A.—I couldn't answer that without seeing the details.

Q.—Now this \$44,150.57; what does that represent ?

A.—Salaries of right of way men, their keep, the right to hang gates, hanging gates, and that sort of thing.

Q.—Have you run off a statement showing that ?

HON. MR. LUCAS: It appears here as part of the accounts.

Q.—Then "Transformer Stations" \$56,165.63; is the balance of the expenditure on transformer stations ?

A.—That is paid out where we take in a new municipality, for transformer stations.

Q.—Then there is "Distribution Stations" \$36,901.81, on page 550.

A.—Distribution stations, the stations in small municipalities, villages and police villages, for the distribution of power to them.

Q.—Do you put in the distribution stations?

A.—Only in the smaller municipalities. Transformer stations are put in the larger places, transmission stations in the smaller. In the larger places the municipalities put in their own stations.

Q.—In the smaller places you put in the distributing stations?

A.—Many of them.

Q.—Can you give me a statement showing the distribution stations covered by this item?

A.—Yes. I think we can. It appears in these books, of course.

Q.—Yes, if we took the time to go through them. If we had it summarized, it would greatly shorten the time of the members of the Committee. But take one item of which you have the details. Perhaps we can go on with that in the meantime. I see the first item is F. H. McGuigan, balance on contract \$31,063.89.

A.—That was all certified to by the engineers.

Q.—That was their official estimate?

A.—Yes.

Q.—Who was the Chief Engineer, then?

A.—P. W. Sothman.

Q.—How long was he in the employ of the Commission?

A.—Six years.

Q.—When did he resign?

A.—He resigned in August; no, July, the early part of July.

Q.—Have you the contract under which this amount was paid?

A.—I have not the original. The contract is set out in the report which is the first report of the Commission. That is a printed report and has been ratified by Act of Parliament. The printed copy was put in for the arbitration and recognized as the original.

Q.—Then the contract set out on page 82 of the report of the Commission for 1909 is the contract between the Commission and the F. H. McGuigan Construction Company respecting construction of 1909.

A.—That has been ratified by Parliament.

Q.—Is this item of \$31,063.89 the official certificate given by the engineer under this contract appearing in the report?

A.—Yes, sir.

Q.—Then, have you the specifications of that contract?

A.—They are all in that book, though I may be wrong—I do not know that they did appear. But we have them. You mean the specifications for what?

Q.—For this contract . . . on which this contract is based?

A.—Those specifications are pretty extensive.

Q.—Perhaps. . . . If you can follow it—I see the contract sets out certain documents appearing as part of the contract “The General Conditions of Contract, marked A (11 pages).”

A.—That is in the report.

Q.—Where?

A.—The index will show you.

MR. CHAIRMAN: What year?

A.—1909.

MR. ROWELL: First are the general conditions of contract marked A. (11 pages). Can you tell me what that is?

A.—We had a great many of them. There is an order on the order paper for them. I don't know which place to take them first.

MR. CHAIRMAN: We have more authority than the House.

A.—Then I am safe. I think this is it. I think that is complete.

(Document placed in evidence, Exhibit Two.)

Q.—That would be "general conditions of contract marked A, 11 pages?"

A.—Yes.

Q.—Now, then, the next document referred to in the contract "Instructions to Lump Sum bidders attached to tender for complete work of high tension transmission lines?"

A.—That also appears in the report.

Q.—Is that the document that appears on page 77 of the report?

A.—I expect so.

Q.—If you will just turn it up. . . I want to be quite sure.

A.—Yes, that is it.

(Copy produced and put in, Exhibit Three.)

Q.—Now the next is "Specifications for complete work for high tension transmission lines?"

A.—I think that appears in the book also.

Q.—Can you give me the page? I have not been able to find it.

A.—I think perhaps the specifications were not published.

Q.—Are the specifications included in the general conditions marked, Exhibit Two?

A.—I think they are.

MR. CHAIRMAN: What is it you want?

MR. ROWELL: I want "Specifications for complete work for high tension transmission lines."

MR. CHAIRMAN: Here they are.

MR. ROWELL: It is included in Exhibit Two?

MR. POPE: Yes, sir.

MR. ROWELL: Then "Form of tender attached to specifications for complete work for high tension transmission lines."

MR. CHAIRMAN: Here it is.

MR. ROWELL: The form of tender is in Exhibit Three?

A.—Yes.

Q.—Next is “Specifications for steel transmission towers.”

MR. CHAIRMAN: That is also in Exhibit Three. It appears here.

Q.—Then “Specifications for transmission line cable”?

A.—That is in Exhibit Three.

Q.—“Specifications for erection of high tension transmission lines”?

A.—There also.

Q.—In Exhibit Three?

A.—Yes, sir.

Q.—“Data for No. 10 telephone wire and aluminum cable, marked B (31 pages).”

A.—I don’t think that is there.

Q.—In the meantime we will have “Specifications for transmission line cable”?

MR. CHAIRMAN: That is in Exhibit Three.

Q.—“Blue print plan of surveyed transmission lines, blue print transmission lines and stations (No. A 76)” —I am just reading it as it appears in the contract.

A.—I think we have that.

Q.—First we will have the blue print plan.

A.—That is an immense plan—it covers 293 miles of territory.

Q.—Well, we will pass that for a moment—have you the blue print plan of stations No. A. 76?

A.—I don’t see that.

Q.—Blue print, all angle iron footing (No. 3 T. 26).

A.—I may say that all these contracts called for the plans to be submitted back and forth. There was a tremendous volume of plans.

MR. ROWELL: I just want to get what has been made part of the contract.

MR. POPE: Here is 3 T. 26.

Plan put in, Exhibit Four.

Q.—Then, blue print for the erection of footing 3 T. 29?

Plan put in, Exhibit Five.

Q.—Now, blue print single circuit tower, Canadian Bridge Company, marked B.?

Witness—producing plan.—This is the only one that will correspond. I don’t know whether that will answer; whether it is the one I cannot possibly tell. (Exhibit Six.)

Q.—Then the double circuit tower?

A.—There is one here, a double circuit tower, 4 T. 22. I am not sure whether this is the plan referred to in the contract, but it is the only one I see. (Plan put in Exhibit Seven).

Q.—Then, “blue print, required spacing for hanging insulator for aluminum cable (No. 1, T. 32), marked T.”

Q.—This contract with the McGuigan Company was the one under which they constructed the Niagara Transmission line?

A.—Yes.

Q.—This contract provides that the Commission may withdraw certain portions of the line from the operation of the contract? That is set out in section Two, sub-section G. Was any portion of it withdrawn?

A.—Not as set out there.

Q.—That specifies Stratford to London—that was not withdrawn?

A.—No.

Q.—The contract made provision for the erection of additional lines, for either subtracting or adding—for subtracting—was that done?

A.—Yes.

Q.—What was subtracted?

A.—I cannot tell that. That would be in the final settlement with the McGuigan Company and the Commission. I had nothing to do with the subtraction.

Q.—Can you tell me the estimated distance on which the contract was based?

A.—Two hundred and ninety-three miles was the distance named in the tender.

Q.—I see the contract provides that if the said part is not withdrawn the Commission may reduce or increase the mileage of the works ten *per cent.*, and upon any reduction or increase, proper allowances shall be made to the parties respectively at the rates *per mile* set forth in the form of tender. You say there was a reduction in mileage, but you cannot tell how much?

THE CHAIRMAN: The documents would show that.

MR. ROWELL: Was it as much as twenty miles?

A.—I don't think so.

Q.—Sixteen?

MR. MCGARRY: The witness says he doesn't know.

WITNESS: I understand that it wasn't as much as sixteen miles, but I cannot tell how many.

Q.—Where any further contracts entered into with the McGuigan Company after this one?

A.—Yes, a relay system was added.

Q.—Is that set out in the agreement?

A.—I am not sure whether there was an agreement.

Q.—I see there is an agreement on page 86 of this report of the Commission for 1909?

A.—That speaks for itself.

Q.—That relates to this same contract?

A.—I imagine so.

Q.—Aren't you sure?

A.—You can interpret it as well as I can.

Q.—Don't you know what it relates to?

A.—It relates to whatever it speaks of. I didn't draw it.

Q.—Can you tell whether this relates to the work of the McGuigan contract to which we have been referring?

A.—I presume it does.

Q.—There is a further one on page 87, that apparently relates to the same contract?

A.—I think so, that speaks for itself.

Q.—Can you tell whether it speaks of the same thing?

A.—I should say it was self evident. But I didn't draw the agreement.

Q.—You said you had the original tender. Can you let us have that?

WITNESS, producing tender.—Here is also another tender which speaks for itself.

Q.—Then you produce two tenders from the McGuigan Company, one for aluminum cable and Milliken towers, and the other for copper cable and Milliken towers. The one with aluminum cable will be Exhibit Eight, and the one with copper cable will be Exhibit Nine. Upon which one was the contract let?

A.—I cannot tell you that.

Q.—Did you use copper cable or aluminum cable?

A.—Aluminum on all lines.

Q.—Aluminum was used?

A.—Yes.

Q.—Now, then, after the engineer had issued his certificate for the \$31,063.89, the McGuigan Company made a claim for a large amount in addition?

A.—Yes.

Q.—And I see in the terms of contract that provision was made for the appointment of arbitrators?

A.—Yes.

Q.—Arbitrators were appointed?

A.—Yes.

Q.—Do you remember who they were?

A.—The Hon. Wallace Nesbitt for the contractors. T. G. Meredith, of London, was apointed by the Commission, and Judge Teetzel was the other man.

Q.—These arbitrators sat and took evidence?

A.—They sat for four days.

Q.—Did they make an award?

A.—No.

Q.—Why?

A.—They adjourned the hearing.

Q.—And what happened then?

A.—Subsequently Mr. Smith—Mr. Cecil B. Smith, communicated with the Chairman of the Commission, enclosing a copy of the recommendation or suggestion made by the Chairman of the arbitration, as to a compromise or settlement, and asked to be heard, stating that he had full authority.

Q.—Who was Cecil B. Smith representing?

A.—The contractors.

Q.—Was he the engineer for the contractors on this construction?

A.—I cannot say that. I don't know. But he was an engineer.

Q.—When did Mr. Smith retire from the Commission?

A.—Before I came into it.

Q.—Then have you the communication that Mr. Smith sent to the Chairman of the Commission?

A.—Yes.

Q.—Will you let me see that?

A.—There is the letter and that is the evidence.

MR. ROWELL: I see that the letter is dated February 5th, 1912, and is addressed by Mr. Smith to Mr. Beck. I see the letter is a short one:

Dear Sir,—I have been asked for a copy of the comments of his Honor Judge Teetzel and herewith enclose the same. From it you will note that he suggests that the interested parties try to make a settlement, and if that is consistent with your approval I would be glad to meet anyone you may name and endeavor to have a friendly adjustment of the McGuigan Construction Company claim. I am authorized to make this statement.

Yours,

C. B. SMITH.

Then there is a postscript: "I will be in Ottawa, Monday and return to the city Tuesday morning."

These remarks will go in as Exhibit Ten—the letter and the remarks together. . . . I have no objection to a copy going in (to witness). What was the result? Did a conference follow this letter?

A.—The letter of Mr. Smith was referred to me. I had an interview with him and then referred him to Mr. George Lynch-Staunton, who was counsel in the arbitration matter for the Commission.

Q.—Did Mr. Lynch-Staunton and Mr. Smith reach a settlement?

A.—They did.

Q.—Have you Mr. Staunton's letter reporting to you on that?

A.—Yes, we have that here, too, sir. I have a copy here; I don't think I have the original—yes, there is the original and the copy.

Q.—Then that will go in as Exhibit Eleven. . . . Then what action was taken upon that report of Mr. Staunton's?

A.—He sent a further communication besides that and wrote a letter to Mr. Tilley. He wrote me a letter stating that he was enclosing this in a sealed envelope and the letter he purposed sending to Mr. Tilley.

Q.—The letter from Mr. Staunton to Mr. Beck, marked Exhibit Eleven, was that the inception of the correspondence with reference to settlement?

A.—That came to me with a form of release. . . . The letter from Mr. Staunton sending that to me ought to be here and also enclosing the copy of the letter to Mr. Tilley.

This letter of Mr. Staunton's of March 16th to me enclosed that letter to Mr. Tilley and other material mentioned. This letter from Mr. Staunton was in a sealed envelope, and after the Commission approved of it, that letter was to go to Mr. Tilley.

MR. ROWELL: Then the letter from Mr. Staunton to you of March 16th, together with the draft letter enclosed to be sent to Mr. Tilley, if the Commission approved, will go in as Exhibit Twelve.

Q.—Then what action did the Commission take on receiving this report from Mr. Staunton?

A.—They considered the matter and then approved of the recommendation, in the meantime there were two or three letters from Mr. Tilley.

Q.—Have you got a copy of the minute when the Commission took action upon the recommendation?

A.—It is in the minute book, I presume.

Q.—You haven't a copy of that here?

A.—No.

Q.—A copy of that might be put in to complete the matter.

MR. MCGARRY: It may be necessary that all the minutes of that proceeding go in at the same time.

MR. ROWELL: Yes, anything there is relating to it. (To witness). I see by this letter of Mr. Staunton's the actual line as constructed measured 276.7 miles?

A.—That speaks for itself.

Q.—The Commissioners and the engineer for the Commission took the ground that in the original contract they were entitled to a deduction from the contract price on the basis provided in the contract for the number of miles the actual line was short of the estimated line?

A.—I think so.

Q.—And they therefore made a specified reduction in the amount of the contract?

A.—Yes, sir.

Q.—There were claims put in by the McGuigan Construction Company amounting to \$400,000?

A.—\$412,000.

Q.—Then I see there is another item set out here. Have you any knowledge of the details?

A.—None whatever. Not as set out there. That is Staunton's conclusion of which I knew nothing.

Q.—You would not undertake to speak as to the items embraced in the settlement as set out in his letter?

A.—No.

Q.—Who would know as to this?

A.—I suppose Mr. Staunton, or Mr. Tilley, or Mr. Smith.

Q.—What officer of the Commission?

A.—No person.

Q.—No officer of the Commission?

A.—No.

Q.—And no officer would know as to whether items such as are set out here should be allowed or not?

A.—I can't tell that. Mr. Staunton and Mr. Smith were to try to settle it and did settle it. That is all I know.

Q.—In whose charge was the engineering department then?

A.—Mr. Sothman was Chief Engineer, but he was ill at the time.

Q.—And who recommended the settlement?

A.—I cannot say. I don't think it was referred to the engineer.

Q.—His recommendation was embodied in his official certificate for \$31,063.89?

A.—That was his certificate.

Q.—Have you got that certificate?

A.—I think I can get it. We have two hundred and fifty filed. I could not bring them all.

Q.—Then that had better go in. That will be Exhibit Thirteen?

MR. MCGARRY: A copy will do?

MR. ROWELL: Yes, a copy of the official certificate given by Mr. Sothman for \$31,063.89 (to witness). This company did not do the actual work of construction themselves, did they? They sub-let?

A.—They did some of it.

Q.—What portions did they sub-let?

A.—I only know indirectly.

MR. MCGARRY: I suppose Mr. McGuigan will know better.

MR. POPE: The Ontario Construction Company erected towers and strung wire, some of the wires.

Q.—What company was that; who was the chief man in that company?

A.—Mr. Muralt—I don't know who constituted the company.

Q.—Where does Mr. Muralt live?

A.—I think he is connected with some college in Ann Arbor now.

Q.—Where did he live at this time?

A.—In Hamilton principally. The head office was there.

Q.—It was his company did the work of erecting the towers?

A.—It was the Ontario Construction Company. I don't know whether it was his company or not.

Q.—Who supplied the towers?

A.—I think the Canadian Bridge Company, of Walkerville.

Q.—Who supplied the wire?

A.—The cable?

Q.—Yes, the cable?

A.—I cannot tell that.

Q.—You do not know that?

A.—I do not that.

Q.—Who would know?

A.—The Engineer.

Q.—Who is the engineer?

A.—Mr. F. A. Gaby.

Q.—Mr. Gaby would know that?

A.—Yes.

Q.—Then what work was done by the McGuigan Construction Company in addition to the three items which we have mentioned, the supplying of the towers, the supplying of the cable and the erection—the work of erection?

A.—The engineer would have to speak as to that.

Q.—Now, when the McGuigan tender was put in—did you have a report on the tenders from the engineer?

A.—I suppose so.

Q.—Have you that?

A.—I think that is here; I know the relay was in addition to that.

Q.—I may state that this document is dated July 22nd, 1908, It is a report of Mr. Sothman, Chief Engineer to Mr. Beck as Chairman of the Commission. This is the report on the tenders?

A.—Yes. (Document put in, Exhibit Fourteen).

Q.—Have you any other report on the tenders?

A.—Yes, I have a further report which, I may tell you is dated May 4th, 1908. That is a recommendation as to a lump sum.

Q.—This would be Exhibit Fifteen—it is a letter, or report, from Mr. Sothman to Mr. Beck, as Chairman of the Commission, on May 4th, 1908. Have you any other report from Mr. Sothman on these tenders or any other engineer of the department?

A.—That is all I know of. That is all I have been furnished with. I understand that it all. The Chief Engineer would know more definitely.

Q.—Have you a copy of this report of July 22nd before you?

A.—No.

Q.—I see in this report of Mr. Sothman, exhibit fourteen, he refers to the tenders received and says: "I have carefully investigated the figures and data submitted with the tenders and have combined the tower, erection, and cable tenders in one combined unit tender. The various combinations of separate tenders are arranged below in the order of total cost, one side for the use of aluminum cable on transmission lines and one side for copper cables.

"Since opening the cables we have received a letter from Muralt and Co., New York, stating, that, owing to certain circumstances which are set forth therein, they wish to withdraw, and desire to have their tender returned together with notice of deposit."

Q.—What is the tender referred to in this letter?

A.—That was before my time. They asked for tenders on two forms; on different parts of the work and for a lump sum. Mr. Muralt was one of the tenderers for a portion of the work and afterwards he withdrew his tender.

Q.—That is the same Muralt who was connected with the Ontario Construction Company?

A.—No doubt he is.

Q.—Have you got his tender which was withdrawn?

A.—I think that appears in the report.

MR. MCGARRY: I suppose the return gives it.

MR. ROWELL: Let me make sure, and fix the page.

MR. POPE: I think it is there.

Q.—On page 81 there is Muralt and Co., New York,—details of tender. That is the tender of Muralt and Co., referred to in Mr. Sothman's letter?

A.—It speaks for itself. I have no knowledge of it.

Q.—Do you believe that is the tender?

A.—I have no reason to disbelieve it.

Q.—Who could tell us definitely?

A.—I think Mr. Gaby could. He has been with the work since its inception. He was the next officer under Mr. Sothman. I have no doubt he could tell you that.

Q.—Have you the letter withdrawing this tender of Muralt and Co.?

A.—No.

Q.—What has become of that?

A.—I have no doubt it is in the correspondence.

Q.—This says "for certain circumstances set forth therein they wished to withdraw?" What does that mean?

A.—The letter will speak for itself.

Q.—You will have that letter turned up?

A.—Yes.

Q.—In looking at Mr. Sothman's letter I see that in making up the combined tender the units he takes for erection are the prices of the Merrill-Ruckgaber-Fraser Co. I see he took the Merrill-Ruckgaber-Fraser Company prices on page 81 of the report of 1909. You cannot say why that tender was taken as the basis of figuring out these tenders any more than any other one?

A.—I don't know that it was.

Q.—Except what the letter says?

A.—I don't know anything about the letter.

Q.—You might look at it.

A.—But I know nothing about it.

MR. MCGARRY: I do not think you should ask Mr. Pope about it. He was not there at the time it was received and had nothing to do with it.

MR. ROWELL, to witness: Have you the tender referred to in the report here—from McLennan and Keyes, of Toronto?

A.—I presume it can be dug up.

Q.—On page 81 of the report it speaks of the Merrill-Ruckgaber-Fraser tender and the McLennan and Keyes tender.

A.—I presume it is amongst the others. I don't know.

Q.—And the Campbell, Sinclair and Green tender?

MR. MCGARRY: We will put them all in if you want them, all the tenders referred to on page 81.

MR. POPE: I have no knowledge of them.

MR. ROWELL: And the Canadian Bridge Company, of Walkerville tender for the supply of towers. Have you that?

A.—I presume so. I have no personal knowledge of it.

Q.—I see that on page 80 of the report appears a tender of the Canadian Bridge Company, of Walkerville. Have you that tender?

A.—I think so.

MR. CHAIRMAN: If you will give us a list of the tenders you want we will endeavor to have them supplied you. These were all before Mr. Pope's time.

MR. ROWELL: I would like all the tenders on pages 81 and 82 of the report of 1909.

MR. CHAIRMAN: You want them all?

MR. ROWELL: Yes, we want to see them. We may not want to put them in. To witness: Can you tell me if the Northern Aluminum Company of America referred to in the contract is the same as the aluminum company that put in a tender?

A.—I don't know that.

Q.—Then the net result, Mr. Pope, was that the McGuigan Construction Company was paid \$86,650 in excess of the engineer's official estimate?

A.—I cannot say that.

Q.—Well, you told us before that his official estimate was \$31,063.89.

A.—The certificate speaks for itself.

Q.—In addition to that \$31,063.89, \$86,650 was paid to the McGuigan Construction Company?

A.—Yes, sir.

Q.—Have you any other document or contract relating to the contract between the Commission and the McGuigan Construction Company in settlement?

A.—I have this agreement, of the 23rd of April, 1912.

Q.—Have you a copy of it?

A.—This is a copy.

(Copy put in, Exhibit Sixteen.)

MR. CHAIRMAN: What is it?

MR. ROWELL: A copy of the settlement; of the release.

Q.—What is there further relating to the settlement?

A.—There is a further payment of \$1,058.83.

Q.—What was that for?

A.—It represents the claim of the McGuigan Company to a portion paid on their guarantee bond, as mentioned in the Staunton settlement.

Q.—Any other payment?

A.—No.

Q.—That closes the transaction?

A.—There were some other charges that the engineers can explain. I am not familiar with them.

Q.—Then did you discuss with Mr. Smith the settlement of this matter?

A.—No, only in the early stage.

Q.—Mr. Smith, in the early stage, acted for the McGuigan Company, when he discussed this with you?

A.—The letters said that he had authority to act, and then he was turned over to Mr. Staunton.

Q.—Did you go into the matter with him, as to the claim the McGuigan Construction Company was making?

A.—Only in a general way.

Q.—What were some of the important claims, do you recall?

A.—They are set out in that \$412,000 claim.

Q.—Did you investigate any of them?

A.—No, sir.

Q.—None, whatever?

A.—No, Sir.

Q.—Then there is no use in asking you for any help on these items?

A.—I cannot help you.

Q.—Have you any report of any action on the tenders other than the one you have submitted to us, Mr. Pope?

A.—As far as I know the engineer—Mr. Gaby— had, but I have no personal knowledge of them.

MR. ROWELL: I guess that is as far as we can go to-day, Mr. Chairman.

Previous to adjournment Mr. Pope stated that the files and documents produced were the records of the Commission and he sought the permission of the Committee to take them back to the Commission offices. It was agreed that the originals put in as exhibits should be replaced by copies.

The Committee then adjourned.

PUBLIC ACCOUNTS COMMITTEE.

April 9th, 1913.

MR. CHAIRMAN: I have some communications here from witnesses it is desired to have attend here. I have the following telegram from New York, dated April 8th:

“Your letter of Sunday, posted April 7, has just been received. The fact that I am under medical care does not permit my leaving New York. However, I will be glad to testify or answer any questions provided arrangements can be made to take my deposition in New York.”

P. W. SOTHMAN.

In answer to that I have asked what the prospects are for an early recovery and as to his coming here at the earliest possible date. I gather from this that he is not seriously ill. We are anxious to procure his testimony.

MR. ROWELL: How long are the Committee likely to have an opportunity of sitting?

MR. CHAIRMAN: As long as you have anything you want to investigate, the Government will permit us to live. You will have ample opportunity of investigating.

HON MR. HENDRIE: Cannot we get that man here?

MR. CHAIRMAN: I haven't any means of getting him here except by invitation. I have wired to him, as I said, inquiring if there is any prospect of him being able to come here this week, or within a reasonable time. . . . I have further communication from New York. Here it is:

"I beg to acknowledge the receipt of your letter of the 5th inst. I am sorry to say I am unable to attend your meeting on Wednesday, April 9th, as my presence is necessary here during the next few days, and it is difficult for me to leave the office for any length of time."

Yours very truly,
J. ENGH.

With reference to Mr. Muralt, I have been in constant communication with his solicitors here, and they advised me yesterday that they had advised Mr. Muralt not to attend the meeting of the Committee in view of the pending litigation between himself and Mr. McGuigan. Mr. McGuigan had declined to answer any questions affecting matters in litigation, and they feel that they cannot permit their client to come here and disclose any part of his case. They stated yesterday that Mr. Muralt would not attend on the Committee. Now Mr. Parke is here.

MR. ROWELL: Shall we deal with these matters now or take them up after examining the witnesses?

MR. CHAIRMAN: What matters? These? We can take them up after we have got on with the evidence.

MR. ROWELL: Then as to Mr. McGuigan?

MR. CHAIRMAN: Oh yes, I should have said that Mr. McGuigan called me up this morning and said that he had been unable to go to Montreal, that he had been obliged to stay here. He said that as he was unable to go to Montreal and look up the papers asked for he assumed that it would not be necessary for him to attend here this morning, and that he could be got at the National Club if he was wanted. I said I assumed that further examination of these documents was required before you would have anything to ask him. He said that if I wanted to communicate with him after reporting to the committee he was staying at the National Club. If there is anything further to be said to him on the subject I will be glad to communicate with him there. He was quite willing to come and appear here, but he said that in view of what

took place the other day, "I suppose you don't require me unless I have these papers, and I have not had an opportunity or hunting them up."

MR. ROWELL: Yes. We can deal with that when we come to deal with the others.

MR. CHAIRMAN: Is Mr. Parke here?

MR. ROWELL: Have you got Exhibit 19?

MR. CHAIRMAN: Here it is.

Mr. R. J. Parke, called and sworn.

MR. ROWELL: Mr. Parke, I see in this letter of July 15th, 1908, that you were sales manager of the Aluminum Corporation, Ltd.?

A.—Yes.

Q.—I see, by Exhibit 19, which is the tender of your company, you tendered for the supply of aluminum cable for the Niagara transmission line?

A.—Yes.

Q.—Then I see you enclose with your tender the cheque required by the specifications—\$20,000?

A.—Let me see that; I have almost forgotten it.

MR. ROWELL: Do you recall that tender now?

A.—Yes, I recall that, Mr. Rowell.

Q.—I find then, among the correspondence—Exhibit 19—a further letter from you of July 20th, with reference to your tender.

A.—Yes.

Q.—That is giving some facts regarding the company, I believe. Can you tell me the occasion for writing this letter of July 20th?

A.—There seemed to be an opinion—or rather a lack of information on the part of the engineers as to the identity and financial strength and so on of the aluminum corporation, and particularly regarding the ability of the company to fill their contract. That letter was written to anticipate any objection that might be raised in that direction.

Q.—And in that you set out information in connection with the company?

A.—Yes, as nearly as I can recollect. I have not read the letter since, and I would have to refresh my memory.

Q.—Then you had better read the letter, and the one following on the 27th of August; because it is about them I want to ask you You having seen the announcement in the papers, with reference to the tenders, apparently prior to August 27th, you wrote the letter of August 27th?

A.—Yes.

Q.—I see in this letter you refer here to a member of the contractor's firm who informed you as to certain matters. Who do you refer to there? That is the third page of the letter, item 7 "a member of the contractor's—"

A.—I was referring to Mr. C. B. Smith.

Q.—How long had you known Mr. Smith?

A.—I had known him, more or less superficially, for ten or twelve years. I didn't come to know him more intimately until we came to put our tender in for the aluminum wire.

Q.—Did you know him while he was a member of the Commission?

A.—Yes.

Q.—That was about a year prior to his retirement from the Commission. He retired in 1907.

A.—He was Chief Engineer.

Q.—He was a member of the Commission?

A.—Well, I knew him at that time.

Q.—Do you remember when you met him?

A.—I cannot recall the exact time.

Q.—It would have to do with putting in a tender?

A.—I think we received a letter from his firm, signed, I remember, by himself, personally, asking us to put in a tender to him for the wire; about the same time I received a letter from the head office, in London, saying that they had had a visit from Mr. Smith there at the head office in either May or June of that year, I think it was, and my instructions were practically from the head office to pay every attention to him, so that we would be favored in getting the business if our tenders were at a satisfactory figure. So I saw Mr. Smith, and negotiations were then opened up between us for the submission of our tender to his firm. At the same time the Commission advertised for tenders and I obtained specifications and prepared a tender.

MR. MCGARRY: At that time Mr. Smith was not on the Commission.

MR. ROWELL: That has not been stated.

MR. MCGARRY: The way the evidence reads gives that impression. The connection was drawn anyway.

MR. ROWELL: Go on with your statement, Mr. Parke.

WITNESS: When the decision to erect the transmission line was arrived at I went to England and arranged for the agency of the Aluminum Corporation, Ltd., a company which had been put into operation a year previously; it had been organized with an authorized capital of £500,000, and had works at North Wales; it had a Hydro-Electric plant there and also works at Walsend on the Thames. I met the manager, or the managing director, and after a few weeks negotiating with him I secured the agency for Canada for that company—

MR. ROWELL: This may be interesting, although I don't know that it is. What we want to get at, Mr. Parke, is what took place with reference to the tender?

A.—I do not know how to answer that, Mr. Rowell, I would rather you asked me some questions.

MR. CHAIRMAN: That might shorten it up.

MR. ROWELL: Did you have any conference with Mr. Smith with reference to putting in a tender?

A.—Yes, several.

Q.—What were those?

A.—Well, of course, when we received his letter I went over to see him, and he suggested at the first interview that we should put our tender in to him exclusively, or to his firm. I asked him what assurance we would have that the tender would be awarded to us, if we antagonized the Commission by refusing to put a tender in. He said I could safely leave that to him, as he had no doubt they would get the tender; that he had everything arranged so his prices would be right; that they had the lowest prices of all; that they had satisfactory bids from all the producers that would place them in a favorable position. I am saying that he gave me to understand that there was an understanding between the Commission and himself that he was to get the contract. He was using the argument any man would bring up trying to make everything appear as favorable as possible for his firm to secure the contract.

MR. ROWELL: Yes, anything else?

A.—I asked him if he was a member of the firm, and he said he was; that Mr. McGuigan had left everything in his hands, and that I could safely deal with him. I had suggested that I go to see Mr. McGuigan in order to get from him a statement that in the event of our entering into an undertaking, and the promises made by Mr. Smith being acted upon, being accepted by me, they would be binding on the firm. Mr. Smith said that Mr. McGuigan was too busy just then, and that I could safely leave it in his hands. He then asked me if I would withhold our tender from the Commission and put a tender in to him only. I said I did not feel that I should be called upon to antagonize the Commission by withholding our tender, or injure our prospects of getting business by refraining from putting in a tender direct to the Commission. I said: "If you can give me some assurance that you are going to get this contract and nobody else then that is a different matter, but I doubt it much." He said: "I have everybody else backed off the map. I will get the contract all right."

Q.—These conferences were in what month?

A.—About four or five days before the date of that first letter.

Q.—This first letter is July 15th.

A.—I had just got back from England about the 10th of July.

Q.—Sometime between July 10th and 15th he said he had everybody else backed off the map? What else?

MR. MCGARRY: He didn't say everybody was scratched off the map.

MR. ROWELL: What did Mr. Smith say. Did he say: "We have everybody backed off the map but ourselves, we are sure to get it." That is true?

A.—Yes.

Q.—Anything more?

A.—There was a lot of talk went on and finally I refused altogether to withdraw our tender from the Commission, but agreed to give him a price exactly the same as we quoted to the Commission on the understanding that

if our prices to him were lower than that of any competitor he should accept our certified cheque of \$20,000 as sufficient evidence of our ability to fulfil our contract; that the penalty forfeit named in the specification would be met by us. We were to put up a bond for \$100,000, I think. My memory is not very clear on these matters now, it is a long time ago, and I have lost interest in them since then, so I cannot recall everything.

THE CHAIRMAN: Give us the best of your recollections anyway.

A.—All right. Our bond was to be put up for \$100,000 to his firm as well as to the Commission, that is it. He agreed to accept that as satisfactory and arranged that if our tenders were lower than that of any other tenderer we were to get the business. On that basis we put in what turned out to be the lowest tender, namely 22.9 cents a pound. When I first saw him after the tenders were opened, he stated that our tender was at least a cent a pound below that of the nearest competitor, and when I spoke to him about getting the contract he referred me to Mr. McGuigan, who promptly repudiated Mr. Smith's responsibility for making such statements when I saw him.

MR. ROWELL: That is after the tenders had been announced, was it?

A.—This is after the tender had been awarded to Mr. McGuigan, yes.

Q.—Then was that before or after you wrote the letter of the 27th of August?

A.—I have just forgotten now, Mr. Rowell, I don't remember. It would be about that time anyway . . . no, the contracts were awarded about the 31st of August, weren't they?

Q.—I do not know as to that.

A.—I have forgotten, I cannot remember the date.

Q.—Would a reference to the letter enable you to fix the matter? Here is your letter.

A.—Well, it would be about the same time, I think.

Q.—That is it about the same time. Then I see by this letter you objected strongly, apparently, to the treatment you thought you had received. Your views are set forth in this letter of the 27th of August.

A.—Yes, sir.

Q.—And that letter correctly sets forth the situation as you understood it at that time?

A.—Yes, as I understood it. I made the statement that that letter was written under stress of disappointment.

THE CHAIRMAN: A little heat.

A.—And there was rather a feeling of indignation, against Mr. Smith particularly, very naturally.

MR. ROWELL: At this date, on the 27th of August, the Commission still held your cheque for \$20,000?

A.—Yes.

Q.—And it was afterwards returned, I believe according to the exhibits?

A.—September 2nd, I believe.

Q.—Yes, September 2nd. That is all, thank you.

Cross examined by Mr. McGarry.

Q.—I see you congratulated the Commission on giving the contract to so competent a gentleman as Mr. McGuigan, you did that in the same letter?

A.—Yes.

Q.—Do you know what that cable would amount to *per* hundred feet at your price?

A.—No.

Q.—Was the tensile strength of the cable decided on the specification?

A.—It was specified.

Q.—I thought it was left open to decision.

A.—You will just have to refresh my memory on that point. (Witness refers to specifications). There seems to be no references at all to tensile strength in this.

Q.—I understood it was an open question, that is the reason I asked you. Now, you had no means in this country of building that cable?

A.—Oh yes, we did.

Q.—I understood from your letter that you would have to import men from England.

A.—No. We made arrangements with the Wire Cable Company of Montreal to draw the rods into wire. You see, our material would be shipped out to Canada in three-eighths and half inch rolled rods, and it could be drawn in any wire mill. A copper mill is quite suitable for that work. At that time there seemed to be on the part of the management of the Wire Cable Company an idea to put in machinery and provision was made eventually to put in that machinery.

Q.—But in the Province of Ontario there was no wire-drawing machinery?

A.—We have no plants ourselves.

Q.—You were going to have the Montreal Wire Cable Company import it into Ontario and do the work for you?

A.—No, we were to import it ourselves and deliver it to them f.o.b. at their works in Montreal, and they would make the cable there.

Q.—In Montreal? That is what I mean. There were no works in Ontario?

A.—There were no works in Ontario of any kind by any firm.

Q.—Didn't you hear from McGuigan and Smith afterwards that they got a better price than yours from the Shawinigan Company?

A.—No, I didn't hear that.

Q.—Well, Mr. McGuigan says so. I do not know.

A.—Of course, that was not our arrangement, Mr. McGarry.

Q.—I understand your arrangement was entirely between yourself and Smith, the Commission had nothing to do with it.

A.—Nothing at all.

Q.—And all the steps you have related were between you and Smith?

A.—Absolutely.

Q.—And he was then acting as one interested in the McGuigan contract?

A.—Yes.

Q.—And the Commission, so far as you know, knew nothing whatever about your arrangement?

A.—Not that I know of, oh no.

Q.—All right. That is all, thank you.

THE CHAIRMAN: That is all, Mr. Parke, thank you.

THE CHAIRMAN: Now, a gentleman from Rochester is here, Mr. Stanley.

MR. ROWELL: I guess there is not much to ask him, but perhaps he had better come to the stand.

George J. Stanley, sworn. Examined by Mr. Rowell.

Q.—You are manager, are you, of the Aluminum Corporation?

A.—I am manager of the Northern Aluminum Company, Limited.

Q.—Whom did you have your negotiations with for your sub-contract for the supply of aluminum wire?

A.—The F. H. McGuigan Construction Company.

Q.—Who acted for the F. H. McGuigan Construction Company in the negotiations?

A.—Mr. C. B. Smith and Mr. McGuigan.

Q.—Do you remember the date of those negotiations?

A.—No.

Q.—Can you tell us at all approximately the date? I see that tenders were called for on the 15th of July, 1908, tenders were to be in by that date. Can you by that date give us any idea?

A.—It was some time prior to that.

Q.—Do you mind telling us the amount at which you agreed to supply the aluminum wire to the McGuigan Company?

A.—The price?

Q.—Yes.

A.—Well, I do not know whether that is public information or not. I would rather have Mr. McGuigan's consent first.

THE CHAIRMAN: We decided the other day, and it is a rule of this Committee, that it is not very material. That is a confidential matter. I do not think we should ask him to disclose that.

WITNESS: It is confidential.

MR. ROWELL: I have nothing further to ask then.

THE CHAIRMAN: You remember the other day Mr. McGuigan took the same ground and asked to be protected. Have you anything to ask?

MR. MCGARRY: No.

THE CHAIRMAN: That is all, Mr. Stanley, thank you.

MR. ROWELL: The other witnesses are not here.

THE CHAIRMAN: Dr. McCulloch is here. He was asked to appear here with some returns.

MR. ROWELL: Hadn't we better deal with the other witnesses on this matter first, with reference to Mr. de Muralt? As we view it on this side, we do not think the answer given by Mr. de Muralt's solicitor is a satisfactory one. It is quite true that when Mr. McGuigan first appeared before the Committee he made a statement that he did not wish to give evidence without consulting his counsel, but evidently on consulting his counsel it appeared that the evidence he would be desired to give, in reference to the matters which we are investigating, with the exception of one item which he mentioned, were not matters that arose at all in the arbitration between himself and Mr. de Muralt, and we were able to get through Mr. McGuigan's examination, going as far as we have gone with it, with only one point raised where there was any suggestion that the matter touched the arbitration. I submit we should have Mr. de Muralt here. He has offered to come upon his expenses being paid, and we should be entitled to examine him, at least up to the point where his solicitor will say that that is a matter in issue in the arbitration.

THE CHAIRMAN: Just there, Mr. Rowell. We are entitled to examine him, and we are anxious to examine him, I may say, and I have used every effort I can conceive of to secure his attendance here. You know very well that we have no means of compelling his attendance. His telegram asked that I should remit him \$250 to Ann Arbor, and then he would be pleased to attend here, which is an impossible suggestion, because every member of the Committee knows that this Committee has not any authority to do any such thing, nor has the Chairman authority to give an undertaking that this amount will be paid. That is something that would have to be done on the order of the House, and if you choose to take that proceeding, that way is open to you. In your suggestion I communicated with his solicitors, and after consulting with them my view was that he had sent the telegram on his own responsibility in the first place and without consulting with them, evidently, from what they told me. They have advised him that it would not be in his own interest, in view of the litigation pending, that he should attend here at all, and they simply told me last night that he would not be here. So that neither the Committee nor the Chairman nor anybody connected with this investigation, so far as I am aware, is responsible for his non-attendance. When you say the answer of the solicitor is not satisfactory, I suppose it is satisfactory to Mr. Muralt and his friends, who are the people interested in the litigation, and they would decide that point without reference to us.

MR. ROWELL: It is not satisfactory to several of us as members of this Committee. It would be quite a different thing if Mr. Muralt was here and we came to a point in his examination where his solicitor advised that that was a matter in issue on which he could not safely give evidence.

MR. CHAIRMAN: I quite appreciate that. If Mr. Muralt was here we could ask all kinds of questions, and if he chose to answer he could do so, his counsel being here to advise him when he should refuse to answer. But he is not here and how you can say the Committee or anybody else is responsible for his non-attendance is more than I can understand. As to its being unsatisfactory, it is unsatisfactory to us all, as I view it, we are all anxious to investigate and turn

the spotlight upon these proceedings. However, if you mean that it is unsatisfactory to you I fancy it is in keeping with the rest of the investigation so far as I have been able to judge the evidence.

MR. JOHNSON: He might be like the witness just examined, from Rochester, he might not be worth the effort of sending for him.

MR. CHAIRMAN: American goods come high. That man cost us \$60 or \$70 just to know him, and he was not worth five cents. However, we do not object to that. We are anxious to facilitate the inquiry in every way.

MR. ROWELL: We know the counsel whom my honorable friend has consulted in the matter is not anxious to do anything that will embarrass the Government.

MR. CHAIRMAN: If you will take a second thought you will recollect that the counsel whom I have consulted in the matter is Mr. Adam Ballantyne, who is at strife, very strongly, with Conservative principles. Mr. Ballantyne is solicitor for Mr. Muralt.

MR. ROWELL: It is his firm. We know the head of the firm is Mr. Ritchie, and I do not think he is anxious to embarrass the Government.

MR. CHAIRMAN: I do not think you should make any such insinuation or suggestion. I took good care to consult Mr. Ballantyne, when I found he was the man looking after the Muralt matter. It was with him I communicated, and his answer I have given you.

MR. ROWELL: I submit that having Mr. de Muralt's telegram here that he will come on certain conditions, it is our duty to exhaust all proper means to see if we cannot bring him here on those conditions. I therefore beg to move, seconded by Mr. Munro,

1. That this Committee present a special report to the Legislature that it has received from C. L. de Muralt, electrical engineer, residing at Ann Arbor, Michigan, a witness summoned before this Committee to give evidence with reference to certain items relating to the construction of the Niagara transmission lines of the Hydro-Electric Power Commission appearing in the Public Accounts of the Province, the following telegram:

"Impossible for me to be in Toronto March 26th, but providing you pay expenses I can be there any day between April 4th and 14th. Send me New York draft for \$250 to Dobbs Ferry, N.Y., and state when you want me. I will be at Dobbs Ferry until March 29th and then Ann Arbor."

2. That the said C. L. de Muralt is the representative of the firm of Muralt and Company who were tenderers for the construction of the Niagara Transmission Line of the Hydro-Electric Power Commission, and withdrew their tender under an agreement with the McGuigan Construction Company, Ltd., that a sub-contract should be granted to them at the same price as they had tendered to the Commission for the construction of the said lines.

3. That the said tender was withdrawn, according to the evidence of the said McGuigan because it was lower than the tender of the said McGuigan, in order to facilitate the granting of the contract to the said McGuigan.

4. That this Committee request the Legislature to authorize the Chairman of the Committee to wire the said witness the amount asked for by him, or an undertaking to pay him the said amount, if he attends as a witness to give evidence before this Committee as the Chairman may decide.

MR. CHAIRMAN: If I might suggest, Mr. Rowell, I think you might reform your resolution and put it in reasonable and fair phraseology, without imputing any impropriety to anybody, then I think the Committee will probably pass it and report it to the House.

MR. ROWELL: I will cut anything you suggest. All I want is to get the witness here. I will cut out the reference to what his evidence is and simply recite the telegram, and then that this Committee request the Legislature to authorize the Chairman of the Committee to wire the witness the amount asked for by him or an understanding by him to pay the said amount if he attends as a witness to give evidence before the Committee, as the Chairman may decide.

MR. CHAIRMAN: The resolution is put, gentlemen, you have heard the motion.

MR. JOHNSON: If I thought the presence of this witness was essential in this investigation I would vote for the motion, but judging from what we have been listening to here, and the various times we have sat, and the presence of his man this morning, who was not worth five cents, I do not think I can vote for this motion.

MR. CHAIRMAN: My own view is that we can very well accept the assurance of Mr. Ballantyne that Mr. Muralt will not attend, and, as I have already said many times, I have exhausted every effort of mine to procure his attendance, and I do not think this motion will achieve the purpose that is intended. I do not think it will secure Mr. Muralt's attendance here, because I am satisfied that if his solicitor advises him not to come he will not come. However, that is not for me to say. It is for you to say what shall be done.

MR. ROWELL: Can we do this, Mr. Chairman. Can we be assured that either by a special resolution of the Legislature a small Committee from this Committee or some other Committee would sit in the meantime, and when that arbitration is disposed of resume the investigation?

MR. CHAIRMAN: Do you mean to tell me you think it of enough importance to have a committee appointed to sit in the recess and hear what Muralt's evidence will be in the matter. Surely you are not urging this seriously?

MR. HARTT: I think, Mr. Chairman, in view of the experience we have had on this Committee, up to the present time, with the witnesses brought forward, as Mr. Johnson has already said, it would be nothing but the height of

folly to carry out the suggestion made. The witness is evidently of no importance. Other witnesses, up to the present time, have been of no importance, and I think it would be nothing short of foolishness for this Committee to allow that resolution to go through. The Committee should decide.

MR. CLARKE: If this Committee and the House does everything possible, and then the witness refuses to come, the responsibility is certainly off this Committee, and off the Chairman, but I do not see any reason why you should not accept this resolution. I do not think my honorable friend is foolish enough to bring that gentleman over here without some object.

MR. CHAIRMAN: We have not even had an intimation, Mr. Clarke, that his evidence will be important. If you were here—although I think you and Mr. Proudfoot do not attend as regularly as you used to—you would have heard me ask Mr. Rowell what he was after in the evidence and he said, “I do not know exactly what I am after.”

MR. CLARKE: I do not suppose he wants to disclose what he is after.

MR. CHAIRMAN: When you ask the Committee to take such a radical departure from the ordinary procedure you ought to give us some good reason for it.

MR. ROWELL: The question was not asked in the connection you refer to, but in connection with another matter.

MR. CHAIRMAN: The answer covered the whole ground.

MR. ROWELL: No, what I said then and what I say now is, that I believe the witness' evidence is material to this investigation, and that we cannot properly prosecute it or conclude it without his evidence.

MR. MCGARRY: I have already stated at this investigation that I do not think the evidence is at all material, from the fact that the contract was with drawn; but in any event, whether it is material or not we have your statement, sir, that the solicitors of Muralt and Company have refused to allow their client to give evidence, and they are strictly within their rights in that refusal. This man is out of the jurisdiction of this Committee. Mr. Rowell moves a resolution that we wire him \$250 to appear before this Committee. Supposing we wire him \$250 and he did not come, this Committee would be the laughing stock of the country, and my learned friend would have a pre-eminent place among those who would be laughed at.

MR. ROWELL: I take it that the Chairman would not send the money, but he would undertake to pay it if the witness came.

MR. MCGARRY: You say that he be authorized to send the money.

MR. ROWELL: Or that he undertake to. I am trusting the Chairman's good judgment in the matter.

MR. MCGARRY: I move, seconded by Mr. Johnson, that clause 2 of Mr. Rowell's motion be stricken out and the following substituted:

"That the Chairman be instructed to ascertain from Mr. Muralt's solicitors whether in the event of the Chairman guaranteeing Mr. Muralt's expenses the latter will attend and give evidence before this Committee." Then if we are advised that he will not come I do not think this Committee has anything further to do.

MR. ROWELL: The Chairman has already said that he has answered that question. My honorable friend knows what the answer to that will be, but I do not think we should leave it there. We should leave it in the definite form of a proposal, and let him take the responsibility of refusing.

MR. CHAIRMAN: You would be inclined to repudiate a client of yours who would override your suggestion and advice in a matter of this kind, wouldn't you? I am inclined to think that Mr. Muralt will accept his solicitor's advice. However, you have heard the motion, gentlemen, which I have already read. There is an amendment by Mr. McGarry that clause 2 of Mr. Rowell's motion be stricken out and the following added: "That the Chairman be instructed to ascertain from Mr. Muralt's solicitors whether in the event of the Chairman guaranteeing Mr. Muralt's expenses the latter will attend and give evidence before this Committee. The question will be upon the amendment.

The amendment was then put and carried. Yeas, 12; nays, 6.

MR. CHAIRMAN: I declare the motion carried as amended.

MR. ROWELL: I suppose we will have a further report on this, Friday?

MR. CHAIRMAN: You may, certainly.

MR. MCGARRY: You are not anticipating it now.

MR. CHAIRMAN: We might get over all this difficulty if you would be just generous enough to tell us his communication to you.

MR. ROWELL: I have not any. I am only going on his telegram. It seems to be a pretty clean-cut statement.

As to the other, I understand you have sent a communication to Mr. Sothman?

MR. CHAIRMAN: Yes.

MR. ROWELL: You will have a reply when?

MR. CHAIRMAN: I expect, on Friday.

MR. ROWELL: Then perhaps we had better leave Engh until we hear from Mr. Sothman on Friday, and then we can deal with the whole situation.

MR. CHAIRMAN: All right.

MR. ROWELL: Then will you ask Mr. McGuigan if he can get that information for us by Friday?

MR. CHAIRMAN: I will.

Mr. A. J. McGee, Secretary-Treasurer of the T. and N. O. Commission, called and sworn; examined by Mr. Proudfoot.

MR. PROUDFOOT: Mr. McGee, what position do you occupy in the T. and N. O. Railway?

A.—I am Secretary-Treasurer.

Q.—And are you also Secretary-Treasurer of the Nipissing Central Railway?

A.—Yes.

Q.—That company is operated by the T. and N. O. Commission?

A.—No, sir, it is operated as a separate railway.

Q.—But it is under the T. and N. O. Commission?

A.—It is operated as an independent line by the directors of the Nipissing Central.

Q.—Who are the directors?

A.—J. L. Englehart is President, I am Secretary-Treasurer.

Q.—Who else compose it?

A.—Mr. Fred Dane, Mr. Denis Murphy is a director, Mr S. H. Clements is a director.

Q.—And it is operated under the Commission or by these men you have named?

A.—It is operated by the men I have named.

Q.—What connection has it with the T. and N. O.?

A.—I don't know that it has any connection. It is a separate company.

Q.—If it is a separate railway and has nothing to do with the T. and N. O. how do these items appear in the Commission's report?

A.—Well the Ontario Government paid the money to buy the railway.

Q.—Yes, it is the Government money that is in it.

A.—Yes, sir.

Q.—Why do you say then that it is operated by a board of gentlemen who are entirely separate and distinct from the Government?

MR. CHAIRMAN: He means that the records are kept separately. It is controlled by the T. and N. O. Commission.

MR. PROUDFOOT: When I asked him he said no.

MR. CHAIRMAN: You asked him if they operated it.

MR. PROUDFOOT: I asked him what the Commission had to do with it. He said it was operated as a separate railway by these gentlemen he has just named.

MR. CHAIRMAN: As far as you are concerned there is no connection between it and the T. and N. O. The accounts of the Nipissing Central are kept separate?

A.—It is a separate institution.

MR. PROUDFOOT: But, as the Chairman has suggested, it is under the control of the Commission?

A.—Yes.

Q.—And the directors named by you are also members of the Commission?

A.—Yes, sir.

Q.—Have you the payroll there?

A.—Yes, I have the payroll.

Q.—Will you produce it?

MR. MCGARRY: That is for 1912 Do you see Graham there?

MR. PROUDFOOT: Who is Graham?

MR. MCGARRY: You should know. He's the source of your information.

MR. PROUDFOOT (to witness): Are you acquainted with the men whose names appear on these payrolls?

A.—Which payroll?

Q.—The payroll of October, 1912, this one here.

A.—Why yes, I know two men on that roll.

Q.—Which two?

A.—Mr. K. McDonald and Mr. W. F. Stewart.

Q.—Do you know any of the others?

A.—Not personally.

Q.—What have you to do with this payroll?

A.—Our duty is to pay them.

Q.—Have you anything to do with getting it up?

A.—No, sir.

Q.—Who has charge of getting up these payrolls?

A.—That payroll is made up in the superintendent's accountant's office in North Bay.

Q.—I see Mr. Griffin's name appears as superintendent?

A.—We have two superintendents, a superintendent of traffic and a superintendent of maintenance.

Q.—What is this name here. I can't make it out?

A.—T. G. Gracie.

Q.—Then is it he makes up these papers?

A.—Yes, in his office.

Q.—Where does he get the information on which to make them up?

A.—The time cards, from North Cobalt.

Q.—Outside of the two men named by you have you any knowledge of other men employed on the road?

A.—I have seen them on the payroll.

Q.—But outside of seeing them on the payroll?

A.—I have only seen them on the payroll.

Q.—I see here Mr. Griffin, W. A. Griffin is it? Is he superintendent of traffic?

A.—Yes, sir.

Q.—And Gracie is accountant?

A.—Gracie is superintendent's accountant.

Q.—Is that accountant to Mr. Griffin?

A.—He is accountant of the superintendent, Mr. Griffin.

Q.—Then Mr. K. McDonald? This signature?

A.—That is H. A. McDonald.

Q.—I make out the McDonald all right, but how you make out the H. A. I don't see.

A.—You should see my signature.

Q.—These are names which appear on this traffic department payroll for October, 1912?

A.—Yes.

Q.—That is Griffin, McDonald, and Gracie?

A.—Yes.

Q.—This Mr. McDonald, where is his office?

A.—His office is in Toronto.

Q.—Has Mr. H. A. McDonald any other duties than being accountant for the T. and N. O.?

A.—He is accountant for the Nipissing Central.

Q.—As the accountant for the T. and N. O. his work in connection with the Nipissing Central forms part of his ordinary duties?

A.—As accountant he would make up the vouchers for the payrolls.

Q.—Outside of the payrolls—

A.—The payrolls and the vouchers.

Q.—And the superintendent's accountant—where is his office?

A.—North Bay.

Q.—In the office of the T. and N. O.?

A.—Yes, sir.

Q.—And Mr. W. A. Griffin, where is he located?

A.—He is located at North Bay.

Q.—In the T. and N. O. office there?

A.—Yes, sir.

Q.—How many departments are there in the Nipissing Central for which payrolls are issued?

A.—How many departments?

Q.—Yes.

A.—There are two departments, one is the operation, that is conducting transportation.

Q.—The traffic department?

A.—Yes. The other is the maintenance and construction department.

Q.—These three names I have given you were taken from the traffic department payroll?

A.—Yes.

Q.—The only difference between the two is that the superintendent of the maintenance department is Mr. Clement—Mr. S. B. Clement?

A.—Yes.

Q.—And these two papers are the payrolls for these two departments for October, 1912?

A.—Yes.

MR. PROUDFOOT: They will be marked as exhibits, Mr. Chairman?

MR. CHAIRMAN: The payrolls of October, 1912, will be Exhibit 29.

MR. PROUDFOOT: And who is Mr. Ryan?

A.—He is our chief train dispatcher.

Q.—I see in the payroll of the traffic department for September he signs for the superintendent. Whose office is he in?

A.—He is an official of the T. and N. O.

Q.—How did he happen to sign this?

A.—Well, he is under the jurisdiction of Mr. Griffin.

MR. CHAIRMAN: I presume Mr. Griffin was absent, and that was why he signed.

Q.—These two papers are the payrolls for the departments in September?

A.—Yes.

MR. PROUDFOOT: The payrolls of September, 1912, will go in (Exhibit 30). Who are the other officials of the railway besides those you have already mentioned? You gave us Mr. Clements, Mr. Gracie, M. H. A. McDonald, Mr. Griffin and Mr. Ryan?

A.—Mr. Ryan is train dispatcher and has nothing to do with the Nipissing Central.

Q.—Then what right has he to sign that payroll?

A.—He is a subordinate official of Mr. Griffin's; Mr. Griffin is superintendent of traffic in the Nipissing Central.

Q.—And Mr. Ryan is train dispatcher you say?

A.—Yes.

Q.—I suppose he delegated him to sign the payroll in his absence. . . .
. . . . Then, you are secretary of the T. and N. O.?

A.—Yes.

Q.—And also of the Nipissing Central.

A.—Yes, sir.

Q.—Who did you say was the president of the Nipissing Central?

A.—Mr. J. L. Englehart.

Q.—Then I see another name on the payroll here, W. K. McDonald

A.—He is superintendent.

Q.—What is his position?

A.—He is local superintendent.

Q.—Located where?

A.—North Cobalt.

Q.—And I also see the name of N. Huntington here?

A.—Yes.

Q.—What position does he hold in the railway?

A.—That is a matter you will have to ask the superintendent about.

Q.—Do you know this man?

A.—No.

Q.—Not at all?

A.—No, sir.

Q.—The payrolls now produced are those for August, 1912, both departments?

A.—Yes, sir.

MR. CHAIRMAN: Do you put those in?

MR. PROUDFOOT: Yes.

(Payrolls marked Exhibit 31.)

Q.—Do you know K. McDonald?

A.—Slightly.

Q.—Is he in the employ of the railway?

A.—The Nipissing Central, yes.

Q.—What is his position?

A.—He is local superintendent.

Q.—I think you said at North Cobalt?

A.—Yes, at North Cobalt.

Q.—I see Mr. Huntington also referred to, in this payroll of the maintenance department?

A.—Yes, sir.

Q.—Do you know where he is located at?

A.—No, sir, I don't.

Q.—This is the payroll for July?

A.—Yes, sir. (Payroll put in, Exhibit 32.)

Q.—And this is the payroll for June?

A.—Yes, sir. (Exhibit 33.)

Q.—And this is the payroll for May?

A.—Yes, sir. (Exhibit 34.)

Q.—These here are for April?

A.—Yes. (Exhibit 35.)

Q.—The one you have there now is for March?

A.—Yes. (Exhibit 36.)

Q.—And this is for February?

A.—Yes. (Exhibit 37.)

Q.—And these are January?

A.—Yes. (Exhibit 38.)

Q.—And these December, 1911?

A.—Yes. (Exhibit 39.)

Q.—And these are November, 1911?

A.—Yes, sir. (Exhibit 40.)

Q.—You are not on the payroll of the Nipissing Central?

A.—No, sir.

Q.—Have you anything to do with the operation of it in any way?

A.—As Secretary-Treasurer, yes.

Q.—What duties have you, Mr. McGee?

A.—The duties I am instructed to do.

Q.—How is it then, that you do not appear on the payroll?

MR. JOHNSON: It is not usual for salaried officers to be on the payroll. There is no time put down for salaried officers.

MR. CHAIRMAN: He would be on the staff account, he won't be on the payroll.

MR. MCGARRY: You are not complaining because he is not on the payroll? I thought perhaps that is what you are here to investigate.

MR. PROUDFOOT: Oh, no.

MR. MCGARRY: Why don't you bring your friend Graham down.

MR. PROUDFOOT: Who is Graham?

MR. MCGARRY: You know him.

MR. PROUDFOOT: I never heard of his name.

MR. MCGARRY: Your leader did. He knows all about him.

MR. PROUDFOOT: You seem to know a whole lot about it.

MR. MCGARRY: He was closeted with him a couple of hours last week.

MR. PROUDFOOT: Are you a detective, too?

MR. MCGARRY: One doesn't need to be to get at what you fellows are at.

MR. PROUDFOOT: (to witness): Do you receive any remuneration for your services in connection with the Nipissing Central?

MR. CHAIRMAN: You mean that it is covered by your ordinary salary.

A.—Yes.

MR. PROUDFOOT: Where is your office?

A.—In Toronto.

Q.—How long has the Government—at least the T. and N. O. been operating the Nipissing Central?

A.—Since June 20, 1911.

Q.—Prior to that time who operated it?

A.—The Nipissing Central Railway Company, the directors and shareholders.

Q.—Were they the same gentlemen who now occupy the same positions?

A.—No, sir.

Q.—Up to that time it was a private concern and the Government then bought it. Is that the idea?

A.—Yes, sir, in the sense that we hold Nipissing Central shares in trust for the Government.

Q.—So that it was really part and parcel of the T. and N. O.?

MR. K. McDONALD called and sworn.

MR. PROUDFOOT: You are a superintendent of the Nipissing Central?

A.—Yes.

Q.—How long have you been superintendent, Mr. McDonald?

A.—Since April, 1910.

Q.—Are you superintendent of the whole road or simply of the traffic department?

A.—Just the operating of the Nipissing Central.

Q.—I suppose you call that the traffic department?

A.—Yes.

Q.—Have you looked over the report of the superintendent of traffic—who is the superintendent of traffic?

A.—Mr. Griffin.

Q.—And you are next under Mr. Griffin?

A.—Mr. Griffin and Mr. Clement; Mr. Clement is superintendent of maintenance and Mr. Griffin is superintendent of traffic.

Q.—Do Griffin and Mr. Clement devote their time to the Nipissing Central or the T. and N. O.?

A.—That I cannot tell.

Q.—Their offices are at North Bay?

A.—Yes.

Q.—You are located where?

A.—At North Cobalt.

Q.—Have you anything to do with making up the payroll?

A.—No, sir.

Q.—Have you anything to do with the men who are employed—engaging the men?

A.—I employ the men who are engaged.

Q.—Now look over this payroll, Exhibit 30, under the heading of traffic department; tell me if all the men who are named there are known to you?

A.—Yes.

Q.—Were they all employed by the Nipissing Central for the month of September, 1912?

A.—They were.

Q.—You are positive they were?

A.—Yes.

Q.—These men were all employed during the month of September?

A.—Yes.

Q.—Do you give in their time?

A.—No, sir.

Q.—Who gives in their time?

A.—The foreman.

Q.—I want to ask you this question; this sheet in Exhibit 30 under the heading of traffic departments shows the list of employees?

A.—Yes.

Q.—Do you know each of these men?

A.—I do.

Q.—Were they all employed in the traffic department of the Nipissing Central in September, 1912?

A.—They were.

Q.—What makes you so sure of that?

A.—I am familiar with them.

Q.—Do you see the men?

A.—I do.

Q.—What is the length of the Nipissing Central?

A.—About ten miles.

MR. CHAIRMAN: That is from Cobalt to New Liskeard?

A.—Yes, is approximately ten miles.

Q.—I suppose you are over it daily?

A.—Oh, yes, sir.

Q.—You know each of these men named and would know they were employed during that month?

A.—Yes.

Q.—I notice the name of Mr. Huntington again—"B. F.," what is that?

A.—That is barn foreman.

Q.—Is he still in the employ of the department?

A.—No.

Q.—Where is he?

A.—I cannot tell you.

Q.—When did he cease the employ of the Commission?

A.—March 31. Q.—Of the present year? A.—Yes.

Q.—He was under your control?

A.—He was.

Q.—Why did he leave?

A.—I cannot tell you.

Q.—You did not discharge him?

MR. MCGARRY: This has nothing to do with this investigation. We are investigating the accounts of 1912; what took place this year has nothing to do with them. You cannot ask any questions about this year.

MR. PROUDFOOT: Are you advisor to the Chair?

MR. MCGARRY: I am a member of this Committee and you are not running things here. You are only a member of the Committee, too.

MR. PROUDFOOT: I am a member of the Committee and I have a right to examine the witness.

MR. MCGARRY: You have, and I have a right to examine him, too.

MR. CHAIRMAN: Mr. Proudfoot knows he has only a right to investigate what is covered by the accounts for the fiscal year to October 31st. I don't want to interfere with the investigation, but questions touching matters outside that time are not germane to the investigation. Your motion only covers that time and to introduce extraneous matters only delays things.

MR. PROUDFOOT: (to witness). Take the payroll of October, 1912; look over this list. You have looked over the list of employees of Exhibit 29, both as to the traffic and maintenance departments; do you know all the men named there?

A.—I do.

Q.—Were they all employed during that month?

A.—They were.

Q.—Do you know that to your personal knowledge?

A.—I do.

Q.—You have looked over Exhibit 31, the payrolls for both traffic and maintenance, for August, 1912. Do you know all the men mentioned there?

A.—I do.

Q.—Were they all employed on the Nipissing Central for the month of August, 1912?

A.—They were.

Q.—Who fixed the salaries of these men, their remuneration, Mr. McDonald?

A.—Well, I have an understanding when I hire them as to what salary I will pay?

Q.—Then you fix the amount they are receiving?

A.—Yes.

Q.—The amounts appearing opposite the names of these men, are these amounts agreed to?

A.—Yes.

Q.—You have examined Exhibit 32, being the payrolls in these two departments for July, 1912. Do you know all the men mentioned in these two payrolls?

A.—I do, sir.

Q.—Were they all employed during that month?

A.—They were.

Q.—And they were paid the amounts you agreed that they should receive for their remuneration? Is that right?

A.—That is right.

Q.—Now look at this. You have examined Exhibit 33, being

the payroll for June, 1912, of both these departments; do you know all the men mentioned in this?

A.—Yes.

Q.—Were they employed during the time mentioned during that month?

A.—They were.

Q.—(after interval): You have examined Exhibits 34, 35, 36, 37, 38, 39, 40?

A.—Yes.

Q.—Do you know all the men whose names appear on these payrolls?

A.—I do.

Q.—Were they all employed during the time mentioned in these various Exhibits?

A.—They were.

Q.—And were paid the amounts you agreed should be their remuneration?

A.—They were.

Q.—I observe that during October, 1912, this Huntington was promoted to the position of superintendent?

A.—Yes.

Q.—He was barn foreman?

A.—Yes.

Q.—He was originally an operator?

A.—He was a motorman.

Q.—A motorman is an operator, isn't he?

A.—We have power-house operators.

Q.—He was an operator, a motorman, and then barn foreman?

A.—Yes.

Q.—Where are all the supplies bought for the road?

A.—I cannot tell you where they are bought.

Q.—Where do you get them from?

A.—Mostly from the purchasing agent.

Q.—Who is the purchasing agent?

A.—W. A. Graham.

Q.—Where is he?

A.—At North Bay.

MR. MCGARRY: Is that the man?

MR. PROUDFOOT: Is that the man?

MR. MCGARRY: No, that is not Harry.

MR. PROUDFOOT: I may as well tell you that I am instructed to tell you by Mr. Rowell, that he had no interview as stated.

MR. MCGARRY: I do not say Mr. Rowell. I say either Graham or a friend. What I say is that either Graham or a friend of his had an interview with Mr. Rowell—and it wasn't the editor of the New Liskeard Herald, either.

MR. PROUDFOOT: (to witness): The supplies are bought through the purchasing agent?

A.—Yes, that is it.

Q.—Are orders given for supplies?

A.—Yes.

Q.—Who signs those orders?

A.—My name is signed to them.

Q.—Has anyone got power to give these orders for goods other than yourself?

A.—I order them.

Q.—You always order them?

A.—Yes. I order them through the purchasing agent; the requisitions are sent to the purchasing agent from the office at North Cobalt.

Q.—What sort of supplies does that cover?

A.—Various kinds—equipment for cars, equipment for tracks and so forth—equipment for car barns, stations.

Q.—Anything else?

A.—Office supplies.

Q.—Where is the office?

A.—At North Cobalt.

Q.—That is where you make your headquarters?

A.—Yes.

Q.—Who is engaged in the office there?

A.—Mr. Prouch.

Q.—What position does he hold?

A.—He is accountant of the Nipissing Central.

Q.—I presume these payrolls are made up by him?

A.—Yes.

Q.—Who else is there in charge, besides Mr. Prouch and you?

A.—Nobody else is in charge except Mr. Prouch and myself. There is the land agent—the Nipissing Central land agent has an office in the same building.

Q.—But he would have nothing to do with the operating of the road?

A.—No.

Q.—Then this road is operated by you and Mr. Prouch and the men whose names appear on these payrolls?

A.—Yes, the men whose names appear on these payrolls.

Q.—That takes in the whole staff?

A.—Yes, the whole staff.

Q.—Do you——— is there a Robert Lillie, has a store in North Cobalt?

A.—Yes.

Q.—Were any supplies purchased from him?

A.—Yes.

Q.—When?

MR. CHAIRMAN: Previous to the 31st of October, Mr. McDonald.

MR. MCGARRY: From October 31st, 1911, to October 31st, 1912.

WITNESS: Yes.

MR. PROUDFOOT: What supplies were purchased from him?

A.—I purchased supplies for the car barns.

Q.—Why did you do that?

A.—It was necessary for me to. It had been customary for me to be buying stuff there.

Q.—I understood from you a moment ago that you handed all your orders to the purchasing agent?

A.—Yes, but sometimes I would run it rather close on sending my orders in, and, consequently, I would be obliged to get some stuff there.

MR. CHAIRMAN: You mean that, ordinarily, you got your supplies through the purchasing agent but that once in a while there was some little thing you had to get?

A.—Yes, little things that I had perhaps overlooked and had not placed the order in time.

MR. PROUDFOOT: Have you Lillie's account?

MR. CHAIRMAN: I didn't get any notice of an account of Lillie's (reads motion calling for witnesses and documents relating to items of expenditure under investigation.)

MR. McDONALD: The secretary-treasurer could probably give you information on that.

MR. PROUDFOOT: How did you settle with Mr. Lillie? By adding his name to the payroll?

A.—Yes.

Q.—What payroll did you add his name to?

A.—It would not be Lillie's name. It would be Findlay's name would appear on the payroll. Findlay was manager for Lillie.

Q.—Which Findlay? There is more than one Findlay on here?

A.—Yes, there are a couple of Findlay's.

MR. PROUDFOOT: Here is H. M. Findlay?

A.—That is the man, H. M. Findlay.

Q.—Who is H. M. Findlay?

A.—He is manager for Robert Lillie.

Q.—Is Robert Lillie a company or just an ordinary storekeeper?

A.—He is a storekeeper. He has a store at Sturgeon Falls, and a branch at North Cobalt. This Mr. Findlay is manager at North Cobalt.

Q.—Why did you put his name there as an employee of the Company?

A.—To cover the amount of stock; the purchases.

Q.—Was that a proper way to cover it up?

A.—It had been a customary way for me during my time.

Q.—To buy goods in that way from some storekeeper and have his name entered as an employee of the Company, and pay him in that way?

A.—To cover the amount of stock, yes.

Q.—Take the payroll I have in my hand, it is part of Exhibit 36—did you ever explain that you were doing things in that way to Mr. Clement?

A.—I did not.

Q.—To Mr. Gracie?

A.—No, sir.

Q.—Or Mr. Englehart?

A.—No, sir.

Q.—Why didn't you?

A.—Well, I didn't.

Q.—Are there any other items in this payroll that have been settled for in the same way?

A.—None, whatever.

Q.—There is another Findlay named in this payroll. He seems to be a regular employee?

A.—Yes.

Q.—Is he still in the employ of the Commission?

A.—Yes.

MR. MCGARRY: What is the amount of that account of Lillie's?

A.—\$2.20.

MR. MCGARRY: And that is the only one in the whole year. We will give you the details of that.

MR. PROUDFOOT: How often did that happen, Mr. McDonald?

MR. MCGARRY: Will you allow me to ask him a question. Are these the details of that account, Mr. McDonald, \$2.20, that was filed with the Commission?

A.—Yes.

Q.—At the time the pay roll was sent in?

A.—Yes.

Q.—That is \$2.00 for four snow shovels, and one dozen sheets of sand-paper for 20 cents? There the whole thing is exploded. There is nothing in it?

MR. PROUDFOOT: The man has already sworn that these men are all employees of the company and paid by the company as employees.

MR. MCGARRY: We have cleared it all up, now I hope you will accept his statement, the documents are there to prove it. . . . take them, here—go into them, and you cannot find anything in them.

MR. PROUDFOOT: Don't mix them up. I have kept them together.

MR. CHAIRMAN: I suppose you have snow storms in the north, and need shovels in a hurry, and you cannot get them by ordering, in a hurry.

A.—Yes, sir.

MR. PROUDFOOT: It isn't so much the largeness or the smallness of the item —

MR. CHAIRMAN: Its the morals?

MR. PROUDFOOT: Do I understand this voucher was filed along with that?
A.—Yes.

MR. CHAIRMAN: That will be Exhibit 41, an account for \$2.20 marked paid and signed by Lillie, *per* Findlay.

MR. PROUDFOOT: Probably you could state how often that happened during the year. It might save some time?

MR. CHAIRMAN: Mr. McGarry says he has gone through them and that there is nothing else.

MR. PROUDFOOT: I see W. F. Stewart, the land agent, is on the payroll, too, is he?

A.—Yes, sir.

Q.—Under the heading of traffic department, that is right, isn't it?

A.—Yes, sir.

Q.—I suppose you have really nothing to do with that?

A.—No, sir.

Q.—How many Findlay's have you in the employ of the company?

A.—There are two.

Q.—W. Findlay is one?

A.—Yes.

Q.—He is in the maintenance?

A.—Yes.

Q.—F. Findlay is a motorman, apparently?

A.—Yes.

Q.—Why does F. Findlay appear here twice on this sheet of August, 1912? There is F. Findlay there and F. Findlay here (indicating names). Is it because there is a difference in the amounts you were paying him? Oh, yes, I see, 27½ cents part of the time and 25 cents the other?

MR. CHAIRMAN: Are you going to be long. It is getting close to lunch time.

MR. PROUDFOOT: I don't expect to be much longer with this gentleman. I just want to clear this up. . . . Who is A. D. McAuley, a motorman?

A.—Yes.

Q.—Does anyone check over your work of making out these payrolls?

A.—I assume they are checked over at North Bay.

Q.—This Lillie item is the only item of that kind? The only peculiar thing about that is, that it is an April purchase and is paid on the March pay sheet.

MR. CHAIRMAN: I suppose the account was made out in April. An account for March would probably not be made up until some time in April.

MR. PROUDFOOT: That is not worth bothering about. . . . You say you sent that account in?

A.—Yes, sir.

Q.—With the payroll or since?

A.—Since.

Q.—How long since?

A.—I couldn't say exactly.

Q.—How did you happen to put the account in since?

A.—I had it on file in North Cobalt.

Q.—You sent it in afterwards?

A.—It went in when it was asked for.

Q.—How did they come to ask for that?

A.—Mr. Prouch had this on file and he told me he was asked to sent that to North Bay.

MR. CHAIRMAN: They asked you what this man's time was for and you had this account and sent it on?

MR. PROUDFOOT: A very suggestive answer, Mr. Chairman.

MR. CHAIRMAN: That would be the natural thing. That is the way I would do it, anyway.

MR. PROUDFOOT: Some electrical heaters belonging to the Company were in your house, weren't they—between these dates?

A.—No, sir.

Q.—I ask you this: when were they put in?

MR. MCGARRY: You cannot ask him anything of the kind. You are merely on a fishing expedition. They were not there between these dates. He told you that. You asked if they were between these dates and he said they were not, between those dates

MR. CHAIRMAN: We are covering a pretty wide area in this Committee.

MR. PROUDFOOT: Were any heaters of the Company in your house operated by the Company for the purpose of heating your house between the 1st of November, 1911, and the 31st of October, 1912?

A.—None whatever, positively none.

Q.—Were they in there at any time?

MR. MCGARRY: Don't answer that.

MR. CHAIRMAN: You should confine yourself, Mr. Proudfoot. There is no object in that.

MR. PROUDFOOT: Yes there is——

MR. CHAIRMAN: There is no object in the Committee wasting time on things we cannot investigate.

MR. MCGARRY: We can only investigate the accounts between the first of November, 1911, and the 31st of October, 1912. My advice is that you come back here loaded up next year and go into this.

MR. PROUDFOOT: I am not asking for advice, but I am not saying I may not be disposed to adopt your suggestion.

MR. MCGARRY: It is your loss if you do not adopt it.

MR. CHAIRMAN: The rule is clear that you can only investigate the accounts of the year. There is no object in asking questions that cannot be answered.

MR. PROUDFOOT: Who has charge of the medical inspection, I mean as to their eyesight, in employing men?

A.—We haven't any.

Q.—That existed before you took charge. Did you keep it up?

A.—There was none, but originally when the Nipissing Central was a private road they had a doctor named Campbell, and when they hired a man they sent him there to have his eyes tested.

Q.—Now you have cut that out?

A.—No, we did not cut it out. That doctor is not there now.

Q.—You simply employ them now without making any test?

A.—No, we are pretty careful about the men we employ.

Q.—You do not have any medical examination?

A.—No.

Q.—As a result of that you had an accident?

MR. MCGARRY: That has nothing to do with this.

MR. PROUDFOOT: Oh, yes it has. I think there are some damages included in this item. They killed a man.

MR. MCGARRY: Lots of railways kill men.

MR. CHAIRMAN: And where they test the men's eyes, too. . . Try and get something, with something to it.

MR. PROUDFOOT: That is all, to-day.

(The Committee then adjourned.)

PUBLIC ACCOUNTS COMMITTEE.

April 4, 1913.

The Committee met at 10.30 a.m.

MR. CHAIRMAN: Before we go on with Mr. McGuigan, there is something I want to refer to. Last evening just before the House rose I got this letter from Mr. Rowell:—

“In connection with the investigation of the item relating to the Niagara Transmission line, I would be obliged if you would ask the Clerk of the Public Accounts Committee to notify Mr. McGuigan that I would like him to produce at the meeting of the Committee to-morrow, in addition to the documents asked for yesterday:

“First—The agreement, if it was in writing, as between himself and Mr. C. B. Smith with reference to Mr. Smith sharing in the profits;

“Second—Copy of all claims filed by him with the Hydro-Electric Commission for moneys payable under his contract;

“Third—Copies of all answers received from the Commission or any officer thereof with reference to these claims;

“Fourth—All correspondence between himself and the McGuigan Construction Company and the Commission with reference to his claims.”

In the first place it was very late when I received this letter, the House adjourned shortly after. I read it over and could not see that I was in a position to force the bringing here of the agreement between Mr. McGuigan and Mr. Smith, because I could not see what possible relation that could have to the investigation now under way. It is a matter of private concern between him and Mr. Smith as to what arrangement was made between themselves. Therefore, unless Mr. McGuigan chooses to produce that document voluntarily, as part of his private business, I do not see that there is any way of forcing him to do it.

The second; “copies of all claims filed by him with the Hydro-Electric Commission for moneys payable under his contract.” We have those from the Commission; they are already produced.

MR. ROWELL: We have the one produced at the time of arbitration, but I want to see if he filed any others.

MR. CHAIRMAN: I suppose that if you asked him if he filed any other claims than that we might get at it that way. . . . Then, number three, “copies of all answers received from the Commission or any officer thereof in reference to these claims.” I take it we have that in the files, because the Commission have produced here everything in relation to this contract.

MR. ROWELL: We haven't got anything so far on that matter from the Commission.

MR. CHAIRMAN: My recollection was that he was not asked anything about that. All the documents relating to the transaction were available and might have been gone into at the time. They are still available, and those required can be got from the material we now have. That is the reason I did not communicate with Mr. McGuigan about that.

The fourth, I do not understand: "all correspondence between himself and McGuigan Construction Company."

MR. ROWELL: That should be, or the McGuigan Construction Company.

MR. CHAIRMAN: I could not understand why Mr. McGuigan should be communicating with himself on the subject.

MR. ROWELL: It should read "Mr. McGuigan or the McGuigan Construction Company and the Commission with reference to it."

MR. CHAIRMAN: As to all that sort of thing the Commission have thrown their files entirely open and the whole matter as I understand from the Commission is produced here, every paper and document they have relating to the whole transaction and they are available at any time.

MR. ROWELL: Well, we will see. Mr. Gaby said there was no claim filed by Mr. McGuigan until they got into arbitration, and that he could not find out what his claims were.

MR. MCGARRY: No, he said he could not find out the details he knew about what the claim was.

MR. ROWELL: It had been discussed in a general way.

MR. MCGARRY: An item at a time.

MR. ROWELL: But they had no statement in writing.

MR. MCGARRY: No, they had no statement in writing.

MR. CHAIRMAN: Several items were discussed by the Commission at different times, that is, as I understand it. There is another matter that I want to mention before we go on; that is the question of Mr. Muralt being brought here. I have been in communication with Mr. Muralt's solicitors, on Mr. Rowell's suggestion—believing that that would be the only way if there is any way, that I could succeed in getting him here. While they have not definitely given me an answer one way or the other; what they intimate is, that, in view of pending litigation or arbitration between Mr. Muralt and Mr. McGuigan, they do not see why Mr. Muralt should come here and give evidence that might possibly affect or prejudice in some way his proceeding subsequently in the litigation that is going on. However, as I say, they have not said that they will not have him brought here, as yet. I merely want to report progress in the matter and show that I have been carrying out my arrangement that I will endeavor to have him here.

MR. ROWELL: Perhaps we had better discuss that when through with the evidence. In view of Mr. Muralt's telegram that he would come, I am not at all satisfied with the answer of the solicitors. But we had perhaps better discuss that after we have got on with the evidence, and the same with these other questions.

MR. CHAIRMAN: I suppose Mr. Muralt's telegram was likely sent on his own responsibility, and I suppose after communicating with his solicitors—which would be the natural thing for him to do—they have advised him that in view of the pending litigation it would possibly be a mistake for him to testify, but I can assure you that our interest is to get Mr. Muralt here.

MR. ROWELL: Well, we will discuss that when we get through with Mr. McGuigan.

Mr. McGuigan called.

MR. ROWELL: Mr. McGuigan, have you been able to turn up the contract between Mr. Muralt and yourself for the withdrawal of the tender?

A.—No, sir, I have not. I thought it might be amongst some of the papers in old pocketbooks, but I went through them all and did not find it. It must be in Montreal.

Q.—You think it must be in Montreal? Have you anything to aid you in fixing the date of that agreement?

A.—No other than I told you on Wednesday, at the last meeting, that it was immediately preceding the submitting of the tenders.

Q.—What do you mean by the submitting of the tenders, Mr. McGuigan?

A.—The time we sent in our tenders to the Commission.

Q.—You think it would be amongst your papers in Montreal?

A.—I think it should be.

Q.—Then you referred in your evidence on Wednesday to Mr. Engh, was it?

A.—Mr. Engh, yes. I don't remember whether it is spelled with a "gh" or E-n-g. It should be here—yes there it is "Engh."

Q.—Yes. J. Engh. He was president of the Niagara and Ontario Construction Company which Mr. Muralt had incorporated.

A.—Yes, he called himself chairman of the Board, I believe.

Q.—Where does he live?

A.—Engh?

Q.—Yes.

A.—I don't know. He was here in Toronto for a long time. Whether he is here now or not I can't tell.

Q.—Did you have any further conversation about it excepting the one you mentioned here on Wednesday?

A.—Not that I recall.

Q.—Your subsequent conversations were with Mr. Muralt?

A.—With Mr. Muralt.

Q.—Then you told us of the information you had given you on the McLennan and Keyes and Campbell, Sinclair and Green tenders, the other day.

You spoke about those. Now take the Merrill-Ruckgaber-Fraser tender. What did you consider about that at the time?

A.—My recollection is that while we regarded Mr. Fraser as a capable man we did not regard the others as capable of carrying on the work.

Q.—Who is Mr. Fraser?

A.—He is a young engineer and contractor.

Q.—Where does he live?

A.—I think he is in some place in the New England States now. He is a native of Canada. I think he is a graduate of McGill.

Q.—And you did not regard their tender seriously?

A.—No. I did not.

Q.—So that, as you said the other day, the only tender you regarded seriously for construction, was the Muralt tender?

A.—They were the only people, yes.

Q.—And that being gotten safely out of the way you did not anticipate any trouble from the construction tenders?

A.—I felt that I had the advantage on the steel towers. I had prices that nobody else had and I did not fear any of the others. I had obtained prices wherever structural steel was made in civilization.

Q.—In considering this Merrill-Ruckgaber-Fraser tender did you consider their prices?

A.—No.

Q.—Or was it a question of their ability?

A.—A question of their individuality and their ability to do the work.

Q.—When did you first hear that Merrill-Ruckgaber-Fraser had put in a tender?

A.—I cannot remember that distinctly. I got all my information from Mr. Smith, who lived here in Toronto and was quite familiar with the situation. He had been the first chief engineer of the Commission and was quite familiar with the proceedings and what was going on, or at least he claimed to be.

Q.—He claimed he was familiar with what was going on and he gave you the information about the matter?

A.—Yes.

MR. CHAIRMAN: What do you mean by "all that was going on?"

MR. McGUIGAN: With the effort that was being made to promote and build this line and get it in shape to award a contract.

MR. ROWELL: It was Mr. Smith, was it, that gave you the information about Mr. Fraser and this tender, the Merrill-Ruckgaber-Fraser tender?

A.—That would be my recollection now.

Q.—It would be your recollection that Mr. Smith gave you that tender?

A.—Yes.

Q.—Was it Mr. Smith who gave you the information about the McLennan and Keyes tender?

A.—I think I asked him about them and I think I asked some others, just who, I cannot now recall, but I made such inquiry as I thought was

necessary to get an idea of who the people were who were trying to get this job and what their capability for working it was.

Q.—Will you tell me approximately how long before this report was made on the tenders you got this information from Mr. Smith about these other construction tenders?

A.—I am not sure whether the first information I got was from Mr. Smith or was from an advertisement published in the morning papers. The morning papers, I think it was. Mr. Smith was out of town somewhere at the time.

Q.—I am speaking now of the character of the tenderers and so on, which led you to conclude that you need not fear them?

A.—Oh, that information was picked up from time to time as we would get information, that such a contractor or such a firm were coming in and likely to tender, and we would hear about them and make inquiries from people we thought could give us the information.

Q.—Was it Mr Smith who conducted these inquiries with the people in that kind of work.

A.—Most of them. He was better acquainted with the people in that kind of work than I was.

Q.—Can you tell me how long before this report of the 22nd of July you got the information from Mr. Smith about these different tenders which you have already given in evidence?

MR. MCGARRY: He did not say anything about it being before or after. Ask him if it was before or after. Then you can go on.

MR. ROWELL: He has already said it but I will ask it again to please my honorable friend. The information you have given us, Mr. McGuigan, about these particular tenderers, which led you to conclude that you need not fear them, was that received before or after the 22nd of July?

A.—Oh, I cannot say as to the date. It was before our tenders were made.

Q.—It was before your tenders were made that you got that information?

A.—Yes.

Q.—And that information, as I understand you have already said, was acquired by Mr. Smith?

A.—The most of it.

Q.—The report of July 22nd is after the date of your tender. Your tender is dated July 15th, I think?

A.—It was before that time.

Q.—I see this is dated July 15th, so it would be before this report on the tenders of July 22nd.

MR. CHAIRMAN: The documents will show the dates.

MR. ROWELL: The documents show their dates, but not the date he received the information. Have you got your sub-contract with the Bridge Company, Mr. McGuigan?

A.—No.

Q.—I asked for all those.

A.—I did not understand that. I thought you wanted the contract with Mr. Muralt.

Q.—No, the Bridge Company's contract, too.

A.—That is in Mr. Tilley's office, I think. I did not get that.

MR. CHAIRMAN: I think there is a misunderstanding about that (reads from previous day's evidence).

"Do you want to ask him anything, Mr. McGarry?"

"Mr. McGarry: No not to-day. One moment before you leave this, as I understand it, all you want him to produce is the agreement with Mr. Muralt?"

"Mr. Rowell: That is all I know of."

MR. MCGUIGAN: I could just as well have brought the other up as not.

MR. ROWELL: I thought I had made it clear before, that I want the other contracts. That "all I know of" was connected in my mind, at that time, with the Muralt matter; all that I wanted with reference to the Muralt matter was the Muralt agreement. . . . to Mr. McGuigan: Then you have the sub-contract with the Bridge Company for the supply of the towers?

A.—I think that is in Mr. Tilley's hands.

Q.—Then have you the sub-contract with the Aluminum Company?

A.—I think Mr. Tilley has them all. I think he has all the documents that he regarded as essential to the litigation.

Q.—Does your recollection serve you now to give us the price of the aluminum cable?

A.—The price from the manufacturers, the Northern Aluminum Company?

Q.—Yes.

A.—Is it fair that I should be asked that?

MR. MCGARRY: I was going to say that I take the position that Mr. McGuigan can take the position that it is not necessary for him, and that he need not disclose anything of the contracts between himself and his sub-contractors.

MR. ROWELL: Whatever was submitted to the Commission I submit is perfectly proper evidence. If we had the sub-contracts here to glance over, it might not be necessary.

MR. MCGARRY: These sub-contracts have nothing to do with the subject we are investigating and we have no right to inquire into these sub-contracts or to ask for the production of them. If Mr. McGuigan wishes he can refuse to answer or to produce.

MR. MCGUIGAN: I feel that it would be hardly fair to the aluminum company. They made me a pretty close price at that time. They wanted to get aluminum in it in preference to copper. They wanted to demonstrate that they had as good a conductor as copper.

MR. CHAIRMAN: I do not think the Committee should compel him to answer questions of the kind. I do not think it is material.

MR. ROWELL: I do not press it further at the present time until we see about the sub-contracts.

MR. MCGUIGAN: There is a man over there now looking for information about that.

MR. ROWELL: You sub-let the supply of the towers to the Canadian Bridge Company, at Walkerville and you sub-let the supply of the cable to the Aluminum Company of North America?

A.—Yes.

Q.—And the construction to the Muralt Company?

A.—Yes.

Q.—And did that cover the whole work of the construction of the line?

A.—We had to buy copper wire for the telephone line and we had to buy what is called ground wire cable. That is a steel cable.

Q.—Those two other items. They were bought from other firms?

A.—Yes.

MR. CHAIRMAN: Did you do any construction work?

A.—Only a few small jobs that we could not agree with Muralt about.

MR. ROWELL: The whole construction was to be done by Muralt except a few small jobs that you could not agree upon and which you did yourself?

A.—Muralt sub-let the building of the telephone line.

Q.—But that is a matter for himself. But you let the construction?

A.—I let all the construction to Muralt.

Q.—So that, save for the small jobs you refer to the whole construction of the contract was in the hands of Muralt as sub-contractor?

A.—Yes.

Q.—Then you told us on Wednesday that the inception of the matter was a conversation you had in Montreal which you detailed to us, with the Chairman of the Commission, and then a subsequent conversation with Mr. Smith, as you have detailed in evidence?

A.—Yes.

Q.—Then did you see both Mr. Smith and Mr. Beck in Montreal on the same day?

A.—My recollection is now that I saw Mr. Smith the next day, but I will not say it was the same day. I am not clear about it.

Q.—How did you come to see Mr. Smith?

A.—Oh, we had been friends for years and I met him in the hotel just as I would meet any other guest.

MR. MCGARRY: He swore that the last day, that he met him in the parlor of the hotel. You are going over the same ground.

MR. ROWELL: Did you have any other conversation with the Chairman or any other member of the Commission before you put in your tender?

A.—It is possible I did. I do not recall what the nature of it was.

Q.—Can you recall the dates of any further conversations?

A.—Not exactly, sir. I could not.

Q.—Were you in Toronto for any length of time before you put in your tender?

A.—I was here most of the time, for the best part of a month.

Q.—Can you give us about the date?

A.—I could not without going down to the hotel and asking them to examine their old register.

Q.—Would that be the month preceding the date you put in your tender?

A.—I am not sure that it was.

MR. CHAIRMAN: I suppose you would be here both before and after?

A.—Oh, yes. I stayed here afterwards. I stayed here continually until November trying to get the contract closed up.

MR. ROWELL: We are speaking of before you put in the tender.

A.—Well, I was here some little time. I cannot say just how long it was but I was here for the better part of a month, I remember.

Q.—Before you put in your tender?

A.—No, I think not all before, but at that time, the one time I came here in connection with it.

Q.—Now you can tell me how long before you put in your tender you were here, or how long a period before you put in your tender you were here?

A.—Well, I was back and forth three or four times, or two or three times.

Q.—Now, during that period did you see any member or officer of the Commission?

A.—I have no recollection that I did.

Q.—Did you see any member or officer of the Commission after you put in your tender and before the Muralt tender was withdrawn?

A.—I think I did.

Q.—Who did you see?

A.—Well, I think I saw Colonel Hendrie and I saw Mr. Beck and I think I also saw Mr. McNaught, but I don't recall that I had any conversation with them more than the ordinary salutations. I expected Mr. Smith to do all the negotiating.

Q.—Then some time, some two or three months, elapsed before the contract was signed?

MR. CHAIRMAN: The contract will show that I suppose.

WITNESS: I did not get you quite.

MR. MCGARRY: The contract speaks as to that.

THE CHAIRMAN: He does not remember the date. If you say the contract shows such a date.

WITNESS: I did not hear his question; I don't know what he asked me.

MR. ROWELL: I said two or three months elapsed after the tender was put in before the contract was signed?

A.—The tender was put in, as I recall it, in July and the contract signed in November.

Q.—I see it was dated the 6th of November?

A.—Yes. Prior to that time, I think in August, we had an agreement for a contract and I was trying to get my money back that they were holding. I needed it. Some fellows were pressing me for money and I had \$35,000 here, and I wanted it and finally said if they did not give it to me I ought to have an agreement, or something that I could use to get more money.

Q.—You think there was an agreement for a contract.

A.—I had an agreement, a written agreement for a contract.

Q.—Have you that document?

A.—I am not sure whether it is among the papers in Montreal or not. We did not regard it as of any value after the contract was executed.

Q.—Then the work was done under the contract and the various sub-contracts and the line constructed?

A.—Yes.

Q.—Do you recall about the date that you completed the construction?

A.—Was it the 17th or 27th of December? It was one of those two dates.

MR. POPE: Mr. Gaby mentioned the date.

WITNESS: I think it was the 17th.

MR. CHAIRMAN: I do not suppose you want the exact date?

MR. ROWELL: Oh no.

MR. CHAIRMAN: It was in December. I suppose that is sufficient.

MR. ROWELL: It was in December, 1910. Then did you file any claim with the Commission, after the completion of your contract, setting out what you claimed to be due to you?

A.—No, we asked the Chief Engineer of the Commission to make up a statement. I think that is provided for. I don't know whether the general conditions of the contract are here or not. But we kept urging that we wanted a statement. I think that is in the general conditions.

MR. MCGARRY: The Chief Engineer had to give a certificate?

A.—Yes, that is what we wanted, a certificate and a statement of what was due us.

MR. ROWELL: When did you get that final certificate?

A.—I don't know whether we ever got it. I doubt if we did.

MR. CHAIRMAN: Is that the \$30,000 odd certificate you put in the other day?

MR. ROWELL: That is what Mr. Gaby said was the final certificate, and Mr. Pope.

A.—I don't think we have ever got a certificate.

MR. POPE: Exhibit 13.

WITNESS: It is possible he called this a final certificate. I did not.

MR. MCGARRY: You did not accept is as such?

A.—No, I don't think I have got it yet.

MR. MCGARRY: It is dated April 21st, 1911.

MR. ROWELL: You did not then accept this certificate of April 21st as being a satisfactory final settlement of the contract?

A.—Well, as evidence, I think this would be a contradiction, would it not? This is a copy of a communication telling us of the things we did not do, after the line had been in operation for a year.

Q.—This is a copy of the letter?

A.—From the acting Chief Engineer, Mr. Gaby.

Q.—To you dated May 12th, 1911?

A.—1912, isn't it?

Q.—No, 1911.

A.—1911, yes. Well that would be an evidence that the other dated in April is not final.

Q.—I see in this letter, Mr. McGuigan, Mr. Gaby sets out certain sums which he claims to be deducted from your contract, and then he says: "You will observe the result is practically the same whether one looks at the contract as a lump sum contract subject to deductions, as specifically provided by the contract, or whether the contract is a contract for the erection of so many miles according to the specifications at the tender prices. I suppose that strictly speaking I cannot comply with the Commission's desire and issue a final certificate owing to the fact that the work is not completed under the contract, and I cannot so certify. Possibly it is something that could be arrived at as a matter of agreement between us, or something the sub-contractors can look after for you as, of course, they should." Did you agree at that time that the contract had not been completed?

A.—No, sir, we claimed that when they took it over without notice or consulting us or doing anything else, that it was completed.

Q.—Have you your letter of the first of May to which this is a reply?

A.—No, but I have the reply to that letter, which covers the same ground, if you care to read it. I found that in an old pocketbook yesterday. I do not wish to file this.

MR. CHAIRMAN: We will have a copy made of it and return you this document.

WITNESS I have not another copy of it.

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MR. CHAIRMAN: The letter dated May 12th, 1911, from F. A. Gaby, Acting Chief Engineer of the Commission, to the McGuigan Construction Company will be Exhibit 27.

MR. ROWELL: Then I see you reply to that on May 16th?

A.—Yes.

Q.—And this is a copy of your letter in reply?

A.—Yes, that is a copy.

Q.—In this letter of May 16th, Exhibit 28, you state that you enclose an account for building the transmission line. Have you that account?

A.—No, sir, I have not, but I think it is embodied in this. I am not sure but I think the items are all here. This is a letter from Mr. George Lynch Staunton to the Chairman.

Q.—Then is it your recollection that you sent the account which appears in the letter of March 13th, 1912, Exhibit 11, with this letter of May 16th, 1911?

A.—That would be my present recollection. If I say so in there, it was sent undoubtedly.

Q.—You say here, "We submit herewith statement of account for building the transmission lines under our contract of November 6th, 1908, also the balance due us for erecting the protective relay system under special agreement dated May 31st, 1909."

A.—I think that is conclusive evidence that it was sent with that letter.

Q.—And it is the same account as appears in Exhibit 11?

A.—I should say from the fact that the total is the same that it must be approximately the same.

Q.—You say from the fact that the total is the same, it must be approximately the same?

A.—Yes.

Q.—\$412,000. We would like to have the Commission produce that account.

MR CHAIRMAN: Exhibit 28 is a letter dated May 16th, 1912, from the McGuigan Construction Company to F. A. Gaby.

WITNESS: Mr. Chairman, if you are going to make an exhibit of that, I would like a copy of it.

MR. CHAIRMAN: These will be returned to you, Mr. McGuigan.. We will make copies of them for the record and have these returned.

MR. ROWELL: Then having rendered your account in the month of May, 1911, did you have any further conferences with any of the engineers or officials of the Commission with reference to the settlement of that account before the arbitration?

A.—Either myself or Mr. McLeod, who represented me, were at them every opportunity we had, trying to get a settlement.

Q.—Were you present at these conferences?

MR. MCGARRY: Excuse me a minute, Mr. Rowell. You asked the question when he rendered his account in 1911. That would be confusing because he has referred to the account of 1911. The account of 1911 is a small account.

A.—That is an account against us.

Q.—The account you put in was in March, 1912?

A.—Yes, sir.

MR. MCGARRY: You are referring to the wrong date.

MR. ROWELL: No, you are wrong, Mr. McGarry. We do not want any misunderstanding.

MR. MCGARRY: Clear it up.

MR. ROWELL: Did you render your account to the Commission in May, 1911?

A.—Yes, sir, I take it that this was sent in with this letter.

MR. MCGARRY: What account, though?

A.—The whole account.

Q.—Do you mean the one Mr. Staunton refers to in his letter?

A.—I take it so, yes.

Q.—Have you a copy of that account?

A.—I think there is.

Q.—I mean have you a copy of it?

A.—That is the Hydro-Electric account.

Q.—I understand that. That is the reason I am speaking of it. I do not want them confused.

A.—I think Mr. Pope can produce that and I can identify it. This is practically, the account.

Q.—That is what I am asking you. Is this the account you put in in May, 1911?

A.—I think so, because the total is approximately what the claim was.

MR. CHAIRMAN: That is in already, Mr. Staunton's letter.

MR. ROWELL: Yes, it is in already. If Mr. Pope cannot find us that account, you can give us a copy of it?

A.—Yes, I think so.

Q.—You can get us a copy of the account you rendered in May, 1911. Who were present at any of these conferences at which you were present yourself?

A.—Our principal conferences were with Mr. Pope. The Chief Engineer would seldom if ever talk with us at all. Once in a while we would have Mr. Gaby or one of the assistant engineers.

MR. CHAIRMAN: By the Chief Engineer you mean Mr. Sothman?

A.—Yes.

Q.—Because Mr. Gaby signs as Acting Chief Engineer.

MR. ROWELL: Then occasionally you had Mr. Gaby and occasionally some of the other engineers. Anyone else present at these conferences?

A.—Well there were so many of them that I cannot recall who was present. Anybody that we thought of use to assist us in getting a settlement and getting us some money, which we needed so badly, we would tackle them.

Q.—Were Mr. Muralt and his solicitor present at any of these conferences?

A.—It is possible Mr. Muralt was present when I was there, but I did not usually attend a conference with him.

Q.—You and he did not agree?

A.—I found him like some of the people connected with the Hydro-Electric, that it was neither pleasant nor satisfactory to talk with them. I could not believe what they told me.

Q.—You did not succeed in arriving at any settlement in these conferences?

A.—No, sir.

Q.—Then did you ask for arbitration?

A.—I did.

Q.—What answer did you get to that?

A.—Well, the same. It was postponed. The Chairman was absent or it was not possible to reach anything. In a conversation with Mr. Pope on one occasion, I remember suggesting to him that I was quite willing to allow any competent engineer in Canada, who had been in the habit of dealing with large undertakings, to be the sole arbitrator. Or, I said, if an engineer is not satisfactory, the Chairman of the Railway Board, Judge Mabey, would do. Well, he did not turn Mabey down, but he avoided giving me an answer for about a week. When I talked about that again, or rather talked about something else, finally, he said Chief Justice Meredith; he asked me if he would be satisfactory. Well, that was a stunner. I didn't know whether I should take the father of the Conservative party or not, but I had such a high regard for him, I said, "There is a lot of politics in this; Chief Justice Meredith has been the father and chief adviser of your party for twenty years I am told, but I have such a high regard for his sense of justice and his integrity, that I will accept him as sole arbitrator and let him say how much is due me." They did not even accept that. Then I suggested Sir Charles Fitzpatrick, the Chief Justice of all Canada. I did not think an Ontario Judge should be the man. I do not now think he should be the man; I thought it should be somebody who was independent of any influences here, especially political influences, but we never reached anything until we pressed it so hard, we finally named an arbitrator, Mr. Wallace Nesbitt, and we had to go to the courts, to get the other—

MR. MCGARRY: Just here, Mr. McGuigan, before that though, didn't you go to the Court of Appeal?

A.—No, sir.

Q.—Before the Commission; the Commission went to the Court of Appeal?

A.—No, we went to the Court of Appeal, finally.

Q.—They went to one of the judges of the Court first?

A.—That I cannot tell you. I don't know about that.

Q.—You applied to the Court and the Court appointed an arbitrator for the Commission?

A.—I don't know whether the Court appointed him or they finally consented. Mr. Tilley understood about that.

MR. ROWELL: Then I believe the arbitration proceeded some distance. Do you recall how long it continued?

A.—I would have to ask Mr. Pope to help me about that. Was it four or five sessions?

MR. POPE: Four days.

MR. ROWELL: Can you tell me when the arbitration commenced?

A.—I cannot give you the dates.

Q.—Perhaps you can tell me this: did it open shortly before the final settlement or had it been some time before?

MR. POPE: I think Mr. Staunton's letter says something about that.

MR. ROWELL: Perhaps you can tell us whether the arbitration proceeded some time before that date, March 13th, 1912. He does not mention the date of the arbitration, but the date of his letter advising a settlement of March 13th, 1912.

MR. CHAIRMAN: A little over a year ago. What Exhibit is that piece of evidence?

MR. POPE: Mr. Staunton's letter, Exhibit 11.

MR. ROWELL: It does not give any date. I have a copy here.

MR. CHAIRMAN: That is Exhibit 12 you have. I think Exhibit 11 gave it. There are some comments of Judge Teetzel enclosed.

MR. MCGARRY: There is a letter attached, from C. B. Smith, dated the 5th of February, 1912. That is about the time.

MR. ROWELL: There is Mr. Smith's letter, but it does not say when the arbitration began.

MR. MCGARRY: No, but that would be about the time. That was at the conclusion of the four days.

MR. CHAIRMAN: There were four days' hearing, if I recollect aright, and then Mr. Smith took it up right away.

MR. ROWELL: Can you tell me approximately how long a period elapsed after this first session of the Board of Arbitration before Mr. Smith got into consultation with reference to the settlement?

A.—I cannot state exactly, but it was some days. Perhaps a week or two.

Q.—Did you see any member of the Commission or officer of the Commission with reference to a settlement after the arbitration opened?

A.—If I talked with anybody it was Mr. Pope. That would be my present recollection.

Q.—Then Mr. Smith took up the negotiations for the settlement and finally the settlement set out in Mr. Staunton's letter, Exhibit 11, was arrived at?

MR. POPE: It was on the 22nd of January. The date is given in this report. The arbitration was taken up on the 22nd of January, Mr. Staunton says.

MR. ROWELL: That will give us the date then.

MR. POPE: That is page 3 of Exhibit 11, the letter from Mr. Staunton to Mr. Beck.

MR. ROWELL: So the arbitration was taken up on the 2nd of January, and, after it proceeded for several days, Mr. C. B. Smith, acting for the contractor, approached you to negotiate a settlement and the arbitration was discontinued pending these negotiations?

Q.—Mr. Smith apparently approached the Chairman of the Commission according to that?

MR. POPE: Mr. Smith's letter to Mr. Beck is in.

MR. ROWELL: Yes. Then the settlement was arrived at which was set out in Mr. Staunton's letter to Mr. Beck, Exhibit 11.

A.—Well, I got so hard pressed for money that I had to accept it. I did not regard it as a settlement and I don't now.

MR. MCGARRY: You were not, personally, in the negotiations, Mr. Smith carried them on?

A.—Yes. Smith, like myself, was pretty hard up at the time. He wanted some money and was willing to do anything to get some.

Q.—I mean he did all the negotiations?

A.—With Staunton, yes; well, Mr. Tilley, and Mr. Staunton afterwards.

Q.—I mean you were not in that?

A.—No, not at all. Well, I had one conference with Mr. Staunton at the Walker House one evening, when he was passing through. He was good enough to say during the conference, he said: "Supposing we admit we owe you all this and tell you we won't pay you, what will you do about it?"

Q.—Staunton said that?

MR. CHAIRMAN: He is a great joker.

A.—I did not regard it as a joke. There was a time when I would have thrown him out of the window.

MR. MCGARRY: You were not satisfied with that settlement?

A.—No, sir, I am not satisfied.

Q.—You think you ought to get more?

A.—I could convince any Court on this Continent that I am entitled to a lot more money.

MR. ROWELL: Then take Item 9, allowed in Mr. Staunton's memorandum. That is on page 5 of this letter of Mr. Staunton's.

MR. MCGARRY: That is an item I understand that is up in this lawsuit?

MR. ROWELL: I see that there is an allowance made of \$30,000, approximately, for delays in it in giving possession of the right-of-way?

A.—Well, I don't believe that it is prudent for me to discuss that here, in view of this other.

MR. MCGARRY: It is Mr. Staunton's words and Mr. Staunton fixed that amount, and I understand that is part of your lawsuit with Mr. Muralt?

A.—Yes.

Q.—At least this claim comes up?

A.—Yes, he claims \$27,000 on this head.

MR. CHAIRMAN: Muralt claims approximately \$27,000 from you?

A.—\$27,810 he claims under that heading.

MR. MCGARRY: I do not think there should be any evidence taken under that heading, because it enters largely into the lawsuit.

MR. ROWELL: My learned friend seems to know a great deal about this.

MR. MCGARRY: It is right that he should know something about it, too, and you apparently know a great deal about it.

MR. ROWELL: I am finding out as much as I can, but my honourable friend does not appear anxious that I should find out too much.

MR. MCGARRY: You will have Mr. Staunton here and you will find out a good deal about it, perhaps more than you want to.

MR. ROWELL: Oh, no, not at all. All we want is the facts.

MR. MCGARRY: He will be here.

MR. ROWELL: If Mr. Staunton is to give evidence on it we should have the evidence of others. My learned friend should not object to my getting the evidence on it, and then put in the evidence of other people.

MR. MCGARRY: I am not objecting to your forcing Mr. McGuigan to answer this.

MR. ROWELL: I have not forced him to answer anything. Wait until I put my question.

MR. CHAIRMAN: You have already asked the question and Mr. McGuigan said that is a matter he does not think he should discuss here, because it is in litigation. That question was distinctly asked and just as distinctly answered. I do not think I have any right to enforce an answer from him if that is the case.

MR. ROWELL: I will put my question and then Mr. McGuigan can decline to answer.

MR. MCGARRY: He has declined to answer that question.

MR. ROWELL: Well, I am going to put some more questions. I am not quarrelling with Mr. McGuigan; I just want to put the questions.

Q.—Looking at Mr. Staunton's letter, and at the letter you produce, there appears to be a difference in the statement as to this item. Take item 9 in Mr. Staunton's letter as sent to the Chairman of the Commission, and the same item set out in Mr. Staunton's letter to Mr. Tilley.

MR. MCGARRY: What letter sent to the Commission?

MR. CHAIRMAN: Can you identify them by numbers?

MR. ROWELL: The letter to the Commission is Exhibit 11, and the letter to Mr. Tilley is Exhibit — what number is it, Mr. Pope?

MR. POPE: 11 and 12.

MR. MCGARRY: Is this the letter you have reference to?

MR. ROWELL: No.

MR. MCGARRY: We will have that marked.

MR. CHAIRMAN: Exhibit 12 is a letter from Mr. Staunton to Mr. Tilley.

MR. MCGARRY: This is April 22nd, 1912.

MR. ROWELL: This is April 22nd, the same date.

MR. POPE: They are the same date, one to Mr. Beck.

MR. ROWELL: Then I was asking Mr. McGuigan, if he looks at Exhibit 11, the statement of that last item, and at Exhibit 12, it appears to be stated somewhat differently in the two statements.

MR. MCGARRY: You will notice they are not the same item at all. My learned friend is again unfair. You find \$6,000 in this statement, for steel allowed separately, which makes the \$36,000. I draw his attention to that. There is \$6,000 allowed for steel, which, with the \$30,000, makes up the whole item and covers the whole of that.

MR. ROWELL: Then let us get the statement. The two statements do not correspond.

MR. MCGARRY: They finally correspond.

MR. ROWELL: They are not made up the same way.

MR. MCGARRY: No, that is a matter for Mr. Staunton to do.

MR. CHAIRMAN: They are not duplicates, you mean.

MR. ROWELL: Let us get at the situation. In this letter reporting to Mr. Beck an item is put in of \$6,000 in respect of the extra allowance for steel?

A.—If you will pardon me, Mr. Rowell, I do not believe it is proper for me to say anything about that, for the reason given; all of that is involved in this litigation which has now reached arbitration.

Q.—And you do not care to give any information with reference to that item?

A.—No, not until that is settled.

MR. CHAIRMAN: Aside from your litigation, you would not have any objection?

A.—Absolutely none. I would like to tell how unfair it is and the way he arrived at it, and I would like to have Mr. Staunton here when I did it, too.

MR. HARTT: The total amounts of those two accounts are just the same, are they not, Mr. Chairman?

MR. ROWELL: The total of the two items figures up the same amount.

MR. CHAIRMAN: One is put in with the amounts \$30,000 and \$6,000 separately, and in the other document the two are lumped together.

MR. ROWELL: You told us the other day, Mr. McGuigan, you would like to make a statement with regard to the position of the matter. What is it you desire to say?

A.—Well, I wanted to say how much difficulty I had in trying to reach arbitration, in trying to reach a settlement any way. I have repeated the different names suggested, and I omitted, because it slipped my memory for the time, that in that conversation with Mr. Pope, I also said I would be perfectly willing to have Sir James Whitney pass on the matter, and say how much was

due me, but I said I supposed it would be unfair to him, and he would not burden himself with it. I was perfectly willing to have any honest and competent man pass on it.

MR. MCGARRY: Mr. Pope refused to accept even Sir James Whitney.

A.—Well, it was only a suggestion.

Q.—But he did not agree with it?

A.—No.

MR. CHAIRMAN: Mr. Pope was not acting for Sir James Whitney. He could not consent.

MR. ROWELL: Then just tell us the ground on which you claimed to be entitled to these extra amounts?

A.—In doing so, I will not be long, but I would like to refer first to some testimony I heard Mr. Gaby give here the other day. Mr. Gaby, as I understood him, said we contracted to build 293 miles of line. I would like to read what the contract provides for here. Here it is; turn to page 82.

MR. CHAIRMAN: Of the report of 1909 of the Hydro-Electric Commission?

A.—Yes. "The contractor agrees:— (a) to construct and erect the transmission lines complete, as set forth in said specifications, plans and drawings, and to supply all materials therefor, except high tension insulators." Now, that is the mileage we agreed to construct.

MR. MCGARRY: The specifications state 293 miles.

A.—No, sir, they do not. Wait a minute and I will tell you what they state. Let me testify for myself, if you please. Page 3 of the specifications for erection of high tension transmission lines show a total of 293 miles. Page 4 shows "300 miles more or less." Page 5, 6, 7 and 8 in describing the location and so forth show 284¾ miles.

MR. CHAIRMAN: That is measured on the ground?

A.—I cannot tell you how they arrived at it, I did not make up the specifications. This is the Chief Engineer's specifications. In the description of the route on the same pages, in detail, taking the distances as they show, commencing at page 5, ¾ of a mile, 6 miles, 1 mile, 2 miles, 2 miles, 4½ miles, 12 miles, 8 miles, and so on, taking it in that way it figures up about 275 miles. Well, I discovered this and it took me about a month to work out the mileage, so I undertook, when the contract was drawn up, to make a lump sum price, not a mileage price, but there is a provision on page 83 of the report, paragraph "G," on which this unfair position is assumed, I take it. "To permit the Commission on or before the said 4th day of February, 1909, to withdraw from the said tender that part of the transmission line between Berlin and London via Stratford, about 58 miles." At that time I understood they were not sure whether they could build the line that way or whether they could contract the power or get the right of way. They reserved the right to withdraw that, to which

we agreed. The contract also provided that "if the said contract is withdrawn the Commission may thereafter reduce or increase the mileage of the works five *per cent.*" They did not know whether they were going to St. Thomas, as a matter of fact, they did not know where they were going, or whether they were going to build the line at all or not, except this part between here and Niagara Falls.

"But if the said part is not withdrawn the Commission may thereafter reduce or increase the mileage of the works ten *per cent.*, and upon any reduction or increase proper allowance shall be made to the parties respectively at the rates *per mile* set forth in the form of tender."

Now it seems that the distance has shrunk between these two points since I signed the contract, between that and the date of settlement. I claim that the distance is just the same and that I built every foot of the line I agreed to build. That is my view. Now here is where they get the 293 miles. During that same period there was an effort to carry the line through to Windsor and the prices at that particular time were lower than they had been for years before. It is possible that when the contracts were made that the prices went a little lower afterwards. The financial condition of the country was bad.

MR. CHAIRMAN: You mean the prices of material?

A.—Yes. The Commission, as I understand it, were anxious to secure the building of the line at a cost no greater than the other which was already contracted and this clause was inserted:—

"On or before the said 4th of February, 1909, upon request in writing to execute a further contract with the Commission to construct not more than 293 miles additional at the same rates, upon the same terms and conditions as are set forth in this contract, except as to time of completion, which shall be a reasonable time to be fixed by the Engineer of the Commission."

That is where they got the idea that I agreed to build the 293 miles, I take it. I agreed to build this line as called for in the specifications and I claim that when any reduction was made I was unfairly treated. If the line had been longer they would have forced me to build it. If the distance was greater between these towns and cities than shown on the plans, I would have had to. But I knew the country better than their engineers, and I think I knew the distances. That is the reason I wanted to make this lump sum bid. Notwithstanding that I think we put in all the towers, practically all, that were called for and when they made this reduction in mileage, they did me an injustice that I believe any Court on the Continent would right.

Another injustice is in this item of my claim here for \$89,000. That is made up of the actual pound price that the steel cost me, erected, with the contractors' usual profit of fifteen *per cent.* added, \$89,230. Now the reason for the increase of the steel in the towers was this: When the line was first projected and the specifications were drawn it was the intention at every point of offset in the line to put in what was called a corner or angle tower, and those towers were to be held in position and supported by four guy wires running out from each corner of the tower. By doing that a much lighter tower could be

used. But for some reason or other, I understand it was due to the objection of the farmers to have these cables running out over their land, that their stock might run into them during the night and be injured, it was decided to put up a self-sustaining and self-supporting line, and in order to do that, a very much heavier tower had to be designed.

MR. CHAIRMAN: That is, a heavier tower for the angles?

MR. MCGUIGAN: For the whole line, because the line had to be self-sustaining; it was not supported by guys or anchors.

Another point is that these plans for the towers were originally drawn on the theory that copper would be used. Copper cable is practically twice as heavy as aluminum and it was understood between Mr. Smith and the Chief Engineer of the Commission—at least so Mr. Smith reported to me—that if aluminum was used the details of the towers might be changed and a lighter tower used. So when the contract was drawn the specifications were changed and these requirements were provided which you will find on page 84—if you will turn to it—giving the different tests; tests 1, 2, 3, and 4. There were two tests for each kind of tower. The test of the double circuit tower called for a pull of ten thousand pounds in a horizontal direction parallel to the line. We found it impossible to get any tower that the Chief Engineer would accept. We were three or four months negotiating. Although he agreed in the specifications of the contract that a ten thousand pull was all that should be required of us, we designed tower after tower and finally we got one so near to his views that it was arranged that it should be tested with another he designed. These towers were fabricated at the works and erected on concrete foundations, as provided for in our contract, and they were tested. Unfortunately I was not able to go to Windsor on that night. When the towers were tested our tower failed at 14,000 pounds, or nearly 50 *per cent.* greater than we agreed to furnish. He rejected it and insisted upon us taking his tower which, he shows here, failed at 20,400 pounds, or more than one hundred *per cent.* greater than we agreed to furnish. That tower represents this extra price here.

MR. ROWELL: Any other item, Mr. McGuigan?

A.—Well, there was another item, outside of the contract, on which they owe me a lot of money, too, for building this line in the lake here in Toronto.

MR. CHAIRMAN: Your two grounds then were the difference in distance and the difference in the weight of the towers.

A.—Yes, and then also for the delay in throwing us out of season, making us do this work during the winter of 1909 and the wet spring. I think we can turn up the files of newspapers which show we had the wettest season in twenty years, the greatest rainfall in twenty years during that spring. My contract price with Muralt for putting in the tower footings was \$8 *per* tower, or \$2.00 *per* hole. I put in towers that cost me as much as \$140, due to wet weather, where I had to drive sheet piling and use pumps, and the actual cost was checked up by the engineers of the Commission all the way through, but I could not get any hearing, or get anything from Mr. Sothman at any time.

MR. ROWELL: Then did you have any better success with the Commission itself in getting a hearing?

A.—Absolutely none. Colonel Hendrie was seldom here and was not Chairman. Mr. McNaught was always gracious and kind to me when I would appeal to him. Sometimes we had difficulty in getting money to make our payments and I would stir Mr. McNaught up and he was always kind and pleasant. On one occasion I could not get money to pay the fellows for Christmas and I called up Sir James himself and I got a check next day.

MR. CHAIRMAN: He would have made a good arbitrator?

MR. MCGUIGAN: That is the reason I wanted him. He was fair. I would have been perfectly willing to leave it to either of these gentlemen, especially to Colonel Hendrie, because he has been contracting himself and collecting extras and he would know what was fair.

MR. ROWELL: You have left out one of the members of the Commission. What about him?

A.—I would rather not talk about him.

MR. MCGARRY: Mr. Rowell would be much pleased if you would.

A.—Well, I won't to-day.

MR. MCGARRY: That is what he has been seeking for.

MR. ROWELL: My learned friend is very wise about some things; about some things of which he knows nothing.

MR. MCGARRY: I am judging from what I hear from your own lips—with a question like you are putting I have a right to judge what is behind.

MR. ROWELL: I do not think the witness should overlook one member of the Commission and comment upon the others. That seems like partiality.

MR. CHAIRMAN: Mr. McGuigan is expressing his personal opinion on that, not giving evidence.

MR. MCGUIGAN: My opinion was that he got too big to talk to me.

MR. ROWELL: Then you referred in your former evidence to the statement that you could not rely on the statements made to you by some of the parties concerned. You did not say who?

MR. CHAIRMAN: I thought he was referring to Mr. Sothman.

MR. ROWELL: He did not say who he was referring to.

MR. MCGUIGAN: I'm not going to, either.

Q.—Do you recall, Mr. McGuigan, at any of these conferences where your claim was under discussion saying that if you did not get a settlement that you considered fair and right, you would show up the situation?

A.—I may have said a good many things, when I was angry you know, that I would not care to repeat. I was pretty angry sometimes.

MR. CHAIRMAN: We have often heard Mr. Rowell say things in the House that he has apologized for when he has cooled down. That occurs to everybody.

MR. ROWELL: I am aware of that.

MR. MCGUIGAN: I imagine Mr. Rowell has better control of his temper than I have and would not say things as I have sometimes. He would not be the leader of his party if he was not more tactful.

MR. ROWELL: Did you say that on more than one occasion?

MR. MCGARRY: He did not say he said that. Don't put words in his mouth.

MR. MCGUIGAN: He cannot.

MR. MCGARRY: He is trying hard to.

MR. ROWELL: The witness does not need the assistance of my honourable friend. . . . What did you say, Mr. McGuigan?

A.—Well, as I stated, I have said a good many things I am not going to repeat.

Q.—Did you say at any of these conferences that, unless you got a settlement that you considered fair, you would show up something, or expose something, or words to that effect?

A.—Well, I would have to think about that, whether I want to answer that question or not. I had better see Mr. Tilley. You may get me into trouble outside, you know.

Q.—Do you decline to answer that without the advice of your counsel?

A.—Yes, I think so.

MR. CHAIRMAN: You were, I suppose, using every means, you thought would be effective, in making a settlement?

A.—I told Mr. Pope once that I had everything up in Montreal to raise money but my underwear. I had to raise money some way.

MR. ROWELL: Where was the trouble, Mr. McGuigan?

A.—I couldn't find out. I tried hard to find out.

Q.—I do not want to unnecessarily multiply questions. Do you decline to answer any question with reference to what you said about exposure, or showing up, without the advice of your counsel?

A.—I do not care to answer any questions in that direction at all.

MR. ROWELL: Then I think Mr. McGuigan should endeavor to get that agreement from Montreal with reference to the withdrawal of the Muralt tender

and it is perhaps only reasonable that he should have an opportunity of consulting his counsel with reference to this other matter. Subject to those, I have nothing further to ask Mr. McGuigan at present.

MR. CHAIRMAN: I have no desire to interfere with the fullest inquiry in this investigation, but, it seems to me, we are dragging it out at unnecessary length.

MR. ROWELL: I cannot get any further at present.

MR. CHAIRMAN: Mr. McGuigan has told us under oath the contents of this short agreement, and I suppose he will endeavor to hunt it up for us. As to the other matter, he is entitled to consult his counsel, if there is any point in asking what threats he made and what language he used; we can all conceive pretty well what he would say or what any man would say who was in straightened circumstances and endeavoring to get money.

Mr. McGuigan cross-examined by Mr. McGarry.

MR. MCGARRY: Mr. McGuigan, with reference to the Merrill-Ruckgaber-Fraser contract, you stated that you felt that that company you need not be afraid of, because they were not competent.

A.—I understood they were boys just starting.

Q.—You did not consider them seriously?

A.—No.

MR. ROWELL: Just a moment. I think there is a misunderstanding here. What Mr. McGuigan said with reference to another tender.

MR. MCGARRY: He says now it relates to this tender.

MR. MCGUIGAN: Is that the New York Fraser? I want to correct that, with reference to Fraser.

MR. ROWELL: Fraser is all right?

A.—Yes.

MR. MCGARRY: But you said that Fraser was the only person you regarded seriously in connection with that firm?

A.—Yes, from the information I got.

Q.—He was a graduate of McGill?

A.—Yes, and a fellow of considerable experience.

Q.—You were asked with reference to that tender and some information you obtained before you put in your tender. You stated that you gathered information from different sources. You notice that the date of the Merrill-Ruckgaber-Fraser tender is the same date as your own, July 15th?

A.—Yes.

Q.—So that you could not have had any information, prior to that, with respect to the actual tender put in by them?

A.—No, I had none.

Q.—It was only the general information which all contractors obtain when contemplating tendering, with reference to those who also tender?

A.—That was all. I was trying to find out the capacity and calibre of the men and their financial standing.

Q.—But you knew nothing whatever with respect to the exact figures of their tenders?

A.—I knew absolutely nothing.

Q.—Now, with reference to the settlement; after the settlement was made you entered into a contract with the Hydro-Electric Commission when you got the \$86,000?

A.—Yes.

Q.—I mean, you agreed to accept that?

A.—I had to, or go broke in Montreal.

Q.—I am not questioning that, but the fact is that there was an agreement made?

A.—Yes.

Q.—That agreement was dated the 23rd of April, 1912? Is that in?

MR. POPE: Yes, that is in.

MR. CHAIRMAN: What number is it?

MR. POPE: Exhibit 16.

MR. MCGARRY: As I understand it, Mr. McGuigan, your position was this: You filed with the Commission a claim for \$412,000 after you received that certificate and were paid the \$30,000 some odd?

A.—I don't remember whether it was before or after, I don't remember receiving the certificate.

Q.—In any case, in addition to the \$30,000 some odd, \$30,742 as shown in this, called the final estimate, from Mr. Sothman, you filed a claim for \$412,791.24 with the Hydro-Electric Commission?

A.—Yes, sir.

Q.—And did you honestly believe that that amount was due you on that contract?

A.—May I go into the details?

Q.—No, it is not necessary. I only want an answer to that. Did you honestly believe you were entitled to that?

A.—Well, I would like to qualify my answer. I would like to say that I honestly believed that this \$89,000 I was absolutely entitled to; this \$3,440 is an absolutely accurate charge for the extra steel put in those towers because of raising their height from 130 to 167 feet and the additional foundation necessary; these special entrance towers, that is the pound price, the cost to us.

Q.—You thought you were entitled to that?

A.—Absolutely. The extra cost of tower foundations due to changing the right-of-way, I believe we were entitled to every cent of that. This cost

of extra footings is made up largely, as we understood it, of changing the line some places where they could save a little cost on the right of way. They put us in marshes and wet places where they got the right of way for little or nothing.

Q.—What do you say to that?

A.—I think we were entitled to a very large part of it. This account was made up, just as all accounts of this kind are, for the purpose of arriving at the best settlement we could. Now, this claim for \$54,000 for delays in failure to provide the right of way, I believe I could collect the bulk of that if I could get it before a Court. It is made on two bases: One of them was what my profits would have been if I could have finished the whole within the time specified and for which I provided a bond for \$175,000 to the Commission. I knew within eight or ten thousand dollars of what my profit would be when the contract was signed, providing we were able to carry it out, because I had sub-let every bit of the material and also all of the work at prices that fixed my profits. The only question was some extra or unforeseen cost commonly called contingencies, but, I believe, as it figured out afterwards with the work done, there was no particular item that we were five *per cent.* out of the way in our original estimates, and on that basis I believe I am entitled to most of that money. That \$54,000; I used another basis for that, and that was our extra expenses. Our extra expenses for carrying the work along as we did and my earning capacity for a period of a year before that time.

Q.—What about the rest of the items, the smaller ones?

A.—I would like to pass on down. This bond premium speaks for itself. That is for this \$35,000 cheque that was held up from July to January.

MR. CHAIRMAN: That is interest?

A.—The interest in the bank. This here is a force account of the Niagara and Ontario Construction Company that is included in this item of litigation against us, that is, their claim. We were obliged under our contract to present their claims to the Commission. They are embodied here; I am not discussing that.

MR. MCGARRY: You are not speaking as to the merits of those?

A.—No. Here is another. This is made up the same as my \$54,000.

Q.—That is for delays?

A.—Yes. This is the force account of the telephone line.

Q.—\$9,330?

A.—Yes. I don't remember how much of that was paid. The payments are shown below. This is the telephone man's claim. Those accounts were subject to discussion. I did not vouch for them. I simply presented them as they were presented to us. This item is for extra cost of guying.

Q.—\$8,722.23?

A.—Yes. I believe we were entitled to every cent of that money. I think Staunton in his generous way of dealing with it allowed us \$500 for it.

Q.—You think you are entitled to nearly \$6,000?

A.—I think we would be. I was only interested in it to the extent of protecting the sub-contractors. We employed one of the most competent men we could find that was engaged in that line—and he is an engineer—to go and

make an estimate and these are his figures of what that would be. The next shows the value of the relay.

Q.—Now, speaking generally Mr. McGuigan?

A.—With the explanations I have made I believe we were entitled to that.

Q.—To the greater part of the \$412,000?

A.—Yes.

Q.—Then you say the Hydro-Electric Commission got the better of you in the settlement when they settled with you for \$89,000?

A.—They not only got the better of me but they absolutely robbed me.

Q.—That is your opinion, that will do.

MR. CHAIRMAN: Now we want to settle this question about Mr. McGuigan coming back here.

MR. MCGARRY: I don't think we should bring him back to produce something that has nothing to do with the matter we are investigating.

MR. CHAIRMAN: That is my view of it.

MR. ROWELL: I submit, Mr. Chairman, we should have here what is said to be a mutual agreement under which the Muralt tender was withdrawn.

MR. MCGARRY: I submit we have absolutely nothing to do with that. It is an agreement between Mr. McGuigan and Mr. de Muralt. The Hydro-Electric Commission had nothing to do with it. If he can in any way connect the Hydro-Electric Commission with that agreement, then of course it would be proper, but what has that to do with the items under discussion.

MR. CHAIRMAN: That is just what I was about to say. If there is any way of connecting it with the Hydro-Electric expenditure, well and good, but I cannot see that it has anything more to do with this investigation than the agreement between him and Mr. Smith.

MR. ROWELL: It has this, as far as the Commission is concerned. It is evident from the testimony of Mr. Gaby that a tender was withdrawn, amounting, approximately, to \$145,000 less than the Merrill-Ruckgaber-Fraser tender for construction.

MR. MCGARRY: No it is not the same tender at all and it is unfair to state that and to get that on the record as a statement.

MR. ROWELL: My learned friend is incorrect. I have stated, Mr. Gaby's testimony fairly, as a reference to the testimony will show.

MR. MCGARRY: You have not, nor this man's testimony either. He says the footing is the only thing that is lower than the other.

MR. ROWELL: If my honorable friend will permit me to make my statement, and then he can state his view.

MR. MCGARRY: When you are stating what is correct and not otherwise.

MR. ROWELL: I am stating what is perfectly correct and my honorable friend knows it. I repeat, Mr. Chairman, that according to Mr. Gaby's testimony, the Muralt tender, which was withdrawn, amounted to approximately \$145,000 less than the Merrill-Ruckgaber-Fraser tender, using the same basis of calculation for the two tenders as he figured it out for us the other day. That being so we have this position: We have the Merrill-Ruckgaber-Fraser tender used as a basis of comparison in figuring up the amount of the unit tenders for the purpose of comparison with the lump sum tenders—

MR. CHAIRMAN: We have it as one of the bases.

MR. ROWELL: One of the three tenders. There are three units which have to be used in figuring it out and the Merrill-Ruckgaber-Fraser is one of them. If the Muralt tender had been used, assuming Mr. Gaby's figures to be approximately correct, the amount of the unit tenders would have been \$145,000 less than they were, and we would have had an entirely different position as a basis of comparison. They would have been that much less than the amount at which they are now figured out. Then we have the further fact that apparently, so far as the evidence here is concerned, that the Commission consented to the withdrawal and returned the deposit without making any effort to retain it. The Commission was under no obligation to return the deposit. They get the tender withdrawn on the 21st of July. They have the report of the engineers on the 22nd, which two days come very close together, and then we have the whole situation changed by reason of the withdrawal of that tender and the Commission's consent to its withdrawal. I submit, that being so, it becomes a matter of immediate concern and interest that we should know all the facts connected with the withdrawal of that tender.

MR. CHAIRMAN: Assuming that all you have said is correct, Mr. Rowell, I cannot see how you connect the withdrawal of the tender in any way with the Commission, or how you can connect the agreement between Mr. Muralt and Mr. McGuigan in any way with the Commission. Mr. McGuigan's testimony, as I understand it, is that he learned from Mr. Engh and Mr. Smith that Muralt was the only man likely to be competing with him at all and he did what contractors usually do, he took him into camp and said, "Now here, we will undertake this whole work and give you the portion you want at the price you want," and Muralt withdrew his tender. Now that is the whole story, as I gather it from the evidence. How the Commission can be in any way involved in that is more than I can tell.

MR. ROWELL: We are investigating the items relating to the construction of this line under a contract advertised for and tenders received. We have in evidence that one of these tenders was approximately \$145,000 lower than another tender, which was used as part of the basis of comparison. That was withdrawn under an agreement whereby the party withdrawing it was to get a sub-contract.

MR. CHAIRMAN: But this Muralt tender, Mr. Rowell, never was passed upon by the Commission. It never came before the Commission at all.

MR. ROWELL: There is no evidence of that yet. The Commission has not given us any evidence on it. We do not know what the Commission will say on it.

MR. CHAIRMAN: You have put in Mr. Sothman's letter, which distinctly says, it was not passed upon because it was withdrawn.

MR. ROWELL: It was not passed upon by the engineer in reporting. However, I am not going to argue it further. We will put it in the form of a motion and dispose of it.

MR. MCGUIGAN: Before doing that, may I say a word in justification of my own position?

MR. CHAIRMAN: Certainly.

MR. MCGUIGAN: I would like to have it recorded as part of my testimony. I thank Mr. Rowell for bringing that up, because I intended to say something about it, about an article that appeared in the *Globe* on Wednesday morning —

MR. CHAIRMAN: You are not connecting Mr. Rowell with the *Globe*?

A.—No; but I am unwilling to believe that the *Globe* would willingly do me an injury, but I think it places me in a wrong light before the people. I want to say further that I regard my standing with the people of Canada as of higher importance than all the money involved in this contract. This statement that the withdrawal of this contract involved a saving of \$145,000 is certainly misleading for the reason that Mr. Muralt's whole tender for the work would be less than \$250,000. It could only be a few dollars at most between him and the others so far as this work is concerned. I don't know what particular parts of the work these gentlemen tendered for that are spoken about, but for the erection of the lines, for which Mr. Muralt tendered, my recollection is now that it amounted to less than \$250,000, so a difference of \$145,000 for the labor alone would be a tremendous difference. There was not a very great difference between his cost and mine, when we came to finally figure it out, except on that one item of digging the holes, and that was a trick on his part, which we proved afterwards, because when he was not getting along with the work, I offered to allow him \$12 a tower for the footings in order to finance him and he kicked over the traces at that.

MR. MCGARRY: \$12 instead of \$8?

A.—Yes, I offered to allow that and deduct it from the final settlement.

MR. CHAIRMAN: You were making advances to him at the rate of \$12.

A.—Yes, \$4 a footing, or 50 *per cent.* more.

Q.—To finance his work until he could finish?

A.—Yes.

MR. ROWELL: How much do you say Mr. McGuigan, approximately, Mr. Muralt's tender was?

A.—I should say in the neighborhood of \$250,000, I think it is actually less than that.

MR. ROWELL: The item with which I was comparing it and with which Mr. Gaby was comparing it, was the Merrill-Ruckgaber-Fraser tender of \$448,000.

A.—I know, but the connection with my testimony in the paper showed that I was in a measure implicated in that. You could not compare that with this for the whole line.

Q.—There were four tenders for erection?

A.—Is this \$400,000.

Q.—That is the Merrill-Ruckgaber-Fraser tender, \$448,000.

A.—Then, I should say they are pretty near \$200,000 higher than Muralt.

Q.—That is the one I was putting at \$145,000 higher. You say about \$200,000 higher than Muralt?

A.—I could find that out in time, possibly we can get it out of this. They are higher than Muralt nearly \$200,000. Here are his total payments; payments on account \$285,000. This is after a lot of extra work came in.

MR. MCGARRY: \$363,000 is the total amount?

A.—It is the total amount of his claim against us. Now I claim that in this he is overpaid nearly \$18,000.

MR. ROWELL: Already?

A.—Yes.

Q.—You claim that the total amount due him under the contract was about \$18,000 less than he has been paid?

A.—Yes, sir.

Q.—How much has he been paid?

A.—It shows here.

MR. CHAIRMAN: He has been paid \$285,988.

MR. ROWELL: That would be approximately \$267,000, which would be the full amount of his contract?

A.—Well, he was paid some force account on that. My recollection is now that it was under \$250,000, but I may be mistaken a little.

Q.—Your recollection is that it was under \$250,000?

A.—Yes. I felt rather hurt about the article in the *Globe* saying \$145,000 on that matter, as if I was in some way concerned.

MR. MCGARRY: You will notice, Mr. McGuigan, that the Merrill-Ruckgaber-Fraser tender is not in the same classes as that of Muralt.

A.—I don't know what their tender is for at all.

Q.—You are not attempting to compare with them at all?

MR. ROWELL: It is in the same classes, Mr. Gaby told us, on the figures he gave us.

MR. MCGARRY: It is not.

MR. ROWELL: Well, Mr. Gaby's testimony is here.

MR. CHAIRMAN: It is not necessary to argue it.

MR. ROWELL: He was tendering for the same thing.

MR. MCGARRY: The testimony will show.

MR. ROWELL: Then what I ask is that this agreement be produced.

MR. MCGARRY: I say it has nothing to do with it.

MR. CHAIRMAN: I really do not think it has anything to do with the case. If Mr. McGuigan had brought it here this morning I would have had no objection to his producing it, but to prolong this investigation with matters that, to my mind, do not bear on the investigation is a different thing.

MR. ROWELL: Then I appeal from the ruling of the chair on that matter.

MR. CHAIRMAN: Very well; gentlemen, Mr. Rowell asks that Mr. McGuigan be required to attend again and produce the agreement made between him and the Muralt Company for construction——

MR. ROWELL: No, not for construction, for the withdrawal of the tender.

MR. CHAIRMAN: Yes, for the agreement made between him and Mr. Muralt in connection with this work: My ruling is that we are investigating the expenditures of the Hydro-Electric Commission and that I cannot see how any agreement made between Mr. McGuigan and Mr. Muralt, to which the Commission is not in any way a party, can be affected by any such agreement or any such evidence. Had Mr. McGuigan produced the agreement here I would have had no objection to its having gone in. Mr. Rowell appeals from that ruling. The question now is, shall the ruling of the chair be sustained. All those in favor of Mr. Rowell's motion——

MR. ELLIOTT: Just a moment, may I say just one word in connection with that—has your ruling been given?

MR. CHAIRMAN: Yes.

MR. ELLIOTT: It seems to me that the connection of the Hydro-Electric Commission with the withdrawal of this tender—it seems to me that there is

a certain connection shown by the fact that this agreement arises out of the withdrawal of a tender, which withdrawal was consented to by the Commission.

MR. CHAIRMAN: Pardon me, the withdrawal arose out of an agreement with Mr. McGuigan. Just the reverse of what you said.

MR. ELLIOTT: Well, the agreement perhaps would show that, but at any rate the Commission consented to the withdrawal, thereby enabling the agreement in question to be entered into or be carried out if it had already been discussed. It seems to me that is rather an important matter.

MR. McELROY: Did the Commission know there was to be an agreement entered into?

MR. CHAIRMAN: We have the evidence of Mr. Gaby that they knew nothing about it and we have the evidence of Mr. McGuigan that it was entirely on his own initiative. The Commission were not consulted. There is not a tittle of evidence to show that the Commission were cognizant of it. The only thing you base your motion on is, I take it, that the Commission permitted the withdrawal of the tender.

MR. ELLIOTT: And the return of the cheque.

MR. CHAIRMAN: Quite so, that would, of course, follow.

MR. ELLIOTT: It seems to me that we should have the agreement which was either the cause or the result of that consent by the Commission.

MR. CHAIRMAN: There is no evidence to show that the Commission passed upon the tender.

MR. ELLIOTT: Mr. McGuigan will be coming back anyway to let us know whether he will answer the other questions after consulting his solicitor, and I submit it would be very satisfactory to the Committee and to the people interested, if we had at that time that agreement, whatever it contained.

MR. CHAIRMAN: You will understand this; I am quite willing and quite anxious to bring witnesses here every time they are asked for, but we have not been conducting the business of this Committee quite in the ordinary way, that it might be done. Mr. McGuigan has been here two or three times on the suggestion that he should attend adjourned meetings. From what he says himself he is very anxious to get away; we are all anxious to get away, to finish the session and get the business of the Committee wound up. During the adjournments something new is dug up and then Mr. McGuigan is led into something else and brought back again.

MR. ROWELL: This is not something new. This was up the other day.

MR. CHAIRMAN: On the testimony here, Mr. McGuigan has produced everything you asked him to produce the other day.

MR. ROWELL: No, he has not produced this agreement.

MR. CHAIRMAN: Pardon me, it is here in the testimony. You are asked distinctly if this agreement with Muralt for construction was the only thing he was to produce, and you said yes, and he has produced it.

MR. ROWELL: No, the agreement for the withdrawal of the tender was the one we were asking for at the last meeting.

MR. MCGUIGAN: I did not so understand it, Mr. Rowell. I thought it was explicitly stated to me that it was the agreement with Muralt and Co. for the work. I would like to say, Mr. Chairman, in regard to this agreement, that it is possible it may be destroyed. I don't know. When I was taken sick last summer in Montreal the office was closed up and everything moved over to the works, and Mr. McLeod, who had charge of my papers, boxed my individual papers up and put them away. Now just where they are I don't know. He is the assistant City Engineer in Montreal now, and just what shape those papers are in I don't know. I have not done anything with them since last June. (Reads from evidence of last meeting with reference to contract to be produced) Now, that is the sub-contract I was asked for.

MR. ROWELL: No, it is quite plain it is the contract for the withdrawal of the tender.

MR. ELLIOTT: It is quite plain that that was the contract drawn in the King Edward Hotel, for the withdrawal of the tender before the contract was awarded.

MR. MCGARRY: If that is your idea of the English language. He says "There may be nothing in the sub-contracts, but I would like to see them." Is this agreement a sub-contract. Answer my question, is that a sub-contract?

MR. ELLIOTT: Certainly not, but the agreement to withdraw was referred to as well as the sub-contracts.

MR. MCGARRY: That was a separate contract, and the witness swore to that. An agreement to withdraw a tender is not a sub-contract is it?

MR. ROWELL: No.

MR. MCGARRY: Then Mr. Rowell says (reading) "There may be nothing in the sub-contracts, but we would like to see them."

MR. ROWELL: My honorable friend is stating what is entirely contrary to the evidence.

MR. CHAIRMAN: He is reading what is there.

MR. ROWELL: I asked for two things; the contract with Muralt withdrawing the tender, and I asked for the sub-contracts; no impartial or fair man reading that can come to any other conclusion, Mr. Chairman, and I ask your ruling on that point.

MR. CHAIRMAN: Mr. McGuigan says in his evidence, "If I understand the purpose of this investigation I do not think there will be anything in the sub-contracts of value to you." And you said: "There may be nothing in the sub-contracts, but we would like to see them, that is all. I was speaking particularly of this contract with Muralt."

MR. ROWELL: That was referring to the contracts, but if you take what preceded it, I said I could go no further until I got the agreement with Muralt. The two things I asked for were the agreement with Muralt for withdrawing the tender, and the sub-contracts.

MR. ELLIOTT: Might I ask Mr. McGuigan if the understanding of what he was to bring to this Committee, as a result of which he looked for this contract with Muralt to withdraw his tender, if he did not understand that that was required, and look for it as a result of that undersanding?

MR. MCGUIGAN: No, sir. I looked for it though, but I did not understand that I was to bring anything but this sub-contract to-day. I am very sorry —

MR. MCGARRY: There you are.

MR. MCGUIGAN: But I looked for the other.

MR. ELLIOTT: You were quite aware that was in demand.

MR. MCGUIGAN: No, I was not, but it would simply confirm my testimony, and I was perfectly willing that Mr. Rowell should have it.

MR. MCGARRY: So far as we are concerned we will leave this matter entirely in the hands of the witness. If he is willing to produce it and will produce it he may do so. We have no objection and we will argue as to the relevancy of it after.

MR. CHAIRMAN: That is what I said the other day. Mr. McGuigan can produce anything he chooses here and we are prepared to investigate fully

MR. MCGARRY: We will be satisfied if he produces it.

MR. MCGUIGAN: I am going to Montreal in the near future and if it is considered of any importance I will look for it, but I am not sure that I have it. It was one of the things I regarded as worthless after the contract was signed.

MR. MCGARRY: Supposing it is found, do you want the witness back?

MR. ROWELL: Yes, and perhaps he will consult his counsel on the other matter.

MR. MCGARRY: That is a matter for him.

MR. CHAIRMAN: You have not any objection to producing the agreement have you?

MR. MCGUIGAN: Absolutely none. I have given the substance of it in my testimony.

MR. MCGARRY: You have said there is nothing else in it?

MR. MCGUIGAN: Absolutely nothing. It is, probably, a little more elaborate than my testimony, but it means just what I have said.

MR. CHAIRMAN: There can be no objection to having it produced if Mr. McGuigan is satisfied. I do not see the relevancy of it at all, but we will find that out when it is produced, I suppose. We want to give you every assistance to produce all the ramifications of the matter.

MR. ROWELL: That is a very good statement, Mr. Chairman, and your decision on this particular matter is in line with it. I am glad you have changed the view you formerly expressed.

MR. CHAIRMAN: No, we have always had that view and this Committee has always pursued that course. You have not been very long in attendance on this Committee.

MR. ROWELL: I was only speaking of the ruling of ten minutes ago.

MR. MCGARRY: He has not changed his mind at all.

MR. ROWELL: My honourable friend the counsel has.

MR. MCGARRY: No, not at all.

MR. CHAIRMAN: There must be some regard for a man's private affairs and I do not want to ask—and I think the Committee should not—Mr. McGuigan to do anything that would prejudice him elsewhere in litigation.

MR. ROWELL: There is no suggestion that this affects his litigation.

MR. CHAIRMAN: If he is content to produce anything I have no objection.

MR. ROWELL: That is all from Mr. McGuigan at the present time. Has Mr. Park been subpoenaed?

MR. CHAIRMAN: Yes. Do you want Mr. McGuigan to go to Montreal and look this up and be here again on Wednesday next?

MR. ROWELL: I hope we can meet again before Wednesday.

MR. CHAIRMAN: I am afraid not. We certainly cannot meet on Monday, and on Tuesday there are three Committee meetings.

MR. ROWELL: It is not necessary for all the members of this Committee to be present. If the House is going to close in the near future there are a great many things we have not been able to touch yet.

MR. CHAIRMAN: I judged from the way the Leader of the Opposition spoke in the House we would be some time.

MR. ROWELL: And I judge that the members of the Government will vote as the Prime Minister suggests.

MR. MCGARRY: The Prime Minister has not suggested anything.

MR. ROWELL: He suggested that we would not be here long enough to deal with the Workmen's Compensation Bill.

MR. MCGARRY: No, he just ridiculed your statement.

MR. CHAIRMAN: The practice has been two meetings a week; that was by general arrangement. I have Bills to look after and several other members have also. Tuesdays and Thursdays have been taken by other Committees as a rule and we have Wednesdays and Fridays wide open, so that nothing can interfere with us. I do not see any reason for departing from the rule that has always proved satisfactory. The session can be prolonged, if necessary we can stay another week.

MR. ROWELL: This is only one of half a dozen matters we want to investigate.

MR. CHAIRMAN: We will be glad to start at eight o'clock in the morning if you see fit.

MR. ROWELL: All right, we will start any time you are ready.

MR. CHAIRMAN: Or, if you will cut out this banquetting we will have an evening session.

MR. ROWELL: All right, we can sit any evening.

MR. CHAIRMAN: That will be all we will require from you Mr. McGuigan, to-day. Mr. Rowell wants you to produce that agreement if you can find it.

MR. ROWELL: I want the agreement with Muralt and I want him also to consult his Counsel on those other matters I was asking about. He said he was not able to give that testimony without consulting his Counsel.

MR. CHAIRMAN: I understood him to say he didn't propose to do so.

MR. ROWELL: He said he did not wish to without consulting his Counsel.

MR. CHAIRMAN: He said that afterwards on Mr. Rowell's suggestion, that he didn't want to answer without consulting Counsel. I understood that he said, on his own responsibility, that he did not want to answer any questions.

MR. MCGUIGAN: No, I do not.

MR. CHAIRMAN: His Counsel might well say it would do no harm, and yet he might still object to saying it.

MR. ROWELL: I do not think the Chairman should suggest a reason for not consulting his Counsel in the matter. I have made my request and if the Chairman rules against it, well, and good.

MR. CHAIRMAN: The Chairman has suggested nothing. Mr. McGuigan said on his own responsibility that he did not want to talk about it, that he might have said many things in the heat of temper, perhaps, that he did not wish to refer to at all. That entirely on his own responsibility and subsequently you said to him: "I suppose without the advice of your Counsel you do not wish to answer."

MR. ROWELL: Mr. McGuigan mentioned Counsel first.

MR. CHAIRMAN: I do not think we should ask Mr. McGuigan to come back here, but if you think it is of sufficient importance, well and good.

MR. MCGUIGAN: I suppose I will be treated the same as Mr. Muralt?

MR. CHAIRMAN: He hasn't got anything yet.

MR. MCGUIGAN: His railway expenses wouldn't be more than \$25.00.

MR. CHAIRMAN: Our experience is that you don't get all you ask for. . . . You are, of course, compensated for your attendance here, Mr. McGuigan, and we are glad to have you, glad to have your information, glad to enlighten the people of the Province as to the way this work was conducted, the fine job you did.

MR. MCGUIGAN: Mr. Beck, speaking at the opening at Berlin, referred to it as the most finished work on the continent; and then he deducted \$16,000 from me for unfinished work. I haven't been able to get justice.

Q.—You did not agree with the settlement?

A.—If it had been a private corporation or an individual I would have made them settle.

MR. CHAIRMAN: You will do what you can do to find that agreement? Is there anything else you want produced, Mr. Rowell? Mr. McGuigan is

anxious to get through. Is there anything else but the agreement with Muralt regarding the withdrawal of the tender?

MR. ROWELL: Mr. McGuigan, in addition to the claim you put in with the Commission in May, 1911,—you told us you can get that, that it can be got, if they cannot find it?

A.—I think so.

MR. CHAIRMAN: That is the claim referred to in that letter?

MR. ROWELL: I want Mr. McGuigan to get that. That is in the letter of May 10th, Exhibit 28—if it is not in the records of the Commission. . . . Now, first, there is the Muralt agreement; then the claim filed with the Commission and referred to in the McGuigan letter of May, 1911, to Mr. Gaby on May 16th, 1911—then did you get any reply dealing with that particular claim?

MR. MCGUIGAN: I think so, I cannot state from memory. I think I can find it.

MR. ROWELL: Mr. McGuigan thinks he got a reply from Mr. Gaby or some member of the Commission dealing with these claims. I would like to have that reply; and if you have any further correspondence, Mr. McGuigan, between yourself and the Commission with reference to the claims you filed, I would like to have anything of that kind, following these letters, to complete the correspondence leading up to arbitration.

MR. MCGUIGAN: There is a cartload of it.

MR. ROWELL: Well, just the letters referring to this claim, so far as you can get them.

MR. ROWELL: There are two or three other matters: With reference to Muralt—in view of his telegram that he would come if paid a certain amount, the Committee should authorize the Chairman to undertake to pay that amount, I think there is no question but that we should bring him here.

MR. CHAIRMAN: What authority has this Committee?

MR. ROWELL: If there is any doubt as to the authority of the Committee, the Committee should make a special report to the House and ask for authority.

MR. CHAIRMAN: I made inquiries, after your suggestion the other day, of the Clerk of the House as to the procedure, and I was told that the Committee hadn't any authority to make any such expenditure and that I hadn't any authority to give such an undertaking, and that the only course was through an order of the House, or that a Commission should be authorized. That suggestion rather took my fancy. Mr. Rowell, I and Mr. Agnew could go to Ann Arbor. That was the second method of procedure. And then, adopting your

suggestion, I have been consulting with Mr. Muralt's solicitors, and while they gave me no definite answer, I gave you what their view is. I expected a reply yesterday evening, but I will certainly know definitely before the next meeting of the Committee and as it is not a long journey here, if we are prepared to go all the way we would have ample opportunity to bring him here at the end of the week.

MR. ROWELL: I don't want to let it go until the end of the week and then find we are in the same position as we are now.

MR. CHAIRMAN: I will undertake this, that we will know definitely next Wednesday.

MR. ROWELL: Well, then, we would have to move in the House for the authorization of the payment.

MR. CHAIRMAN: That will take about ten minutes. I think you will find that everybody will be quite content to see Mr. Muralt brought here. Those are my instructions.

MR. ROWELL: I would not be content to accept a statement as to what Mr. Muralt would say or would not say without him being brought here and himself state his position. The bulk of his evidence might have nothing whatever to do with the arbitration.

MR. CHAIRMAN: I am not undertaking to say what he will say, I have no idea in the world. All I know is that his solicitors say he has this arbitration coming on and that it relates to matters we are investigating, and naturally they would prefer that he would not give evidence.

MR. ROWELL: We have got through with Mr. McGuigan and only struck one spot in his testimony, only one point where he objects to giving evidence.

MR. CHAIRMAN: Muralt's testimony may be different. I give you my assurance that I will use every effort to get him here. My instructions are that the Commission and the Government are quite anxious that he should be here to state what he has to say about it.

The Committee then adjourned.

PUBLIC ACCOUNTS COMMITTEE.

April 2nd, 1913.

The Committee met at 11 a.m.

Mr. F. H. McGuigan called; examined by Mr. Rowell.

MR. CHAIRMAN: Mr. McGuigan, the members want to ask you some questions in connection with this work of the Hydro-Electric Commission.

MR. ROWELL: You have been engaged in contracting and railway work for many years?

A.—Yes, sir.

Q.—Chiefly contracting or chiefly railway work?

A.—Chiefly railway work.

Q.—You were Vice-President of the Grand Trunk Railway at one time?

A.—Fourth Vice-President.

Q.—How long did you occupy that position, Mr. McGuigan?

A.—I have forgotten—two or three years.

Q.—For some years before you had been working with the Grand Trunk?

A.—For some years prior to that my title was manager and prior to that general superintendent.

Q.—Then, when did you go into the contracting business; constructing and contracting?

A.—In 1908, I think.

Q.—You organized the McGuigan Construction Company?

A.—Yes.

Q.—It was the McGuigan Construction Company that tendered for the construction of the Niagara transmission line of the Hydro-Electric Commission?

A.—Yes, sir.

Q.—When did you first come into touch with the question of constructing the Niagara Transmission Line, Mr. McGuigan?

A.—How do you mean, when did we tender?

Q.—No, before you tendered. When did you first take up the question of considering about tendering?

A.—Some two or three months before.

Q.—Whom did you see in connection with it?

A.—I had a talk with the Chairman of the Commission; also the engineers employed to make the necessary examinations and estimates for us.

Q.—Who were the engineers that were employed?

A.—Smith, Kerry, and Chase.

Q.—That is the late C. B. Smith?

A.—Yes.

Q.—Then for two or three months—can you give us more accurately the date when you first started in to investigate?

A.—It was sometime during the latter part of March or early in April of that year.

Q.—Who brought the matter to your attention?

A.—It came about as more of a joke than a serious proposition. I was at the Windsor Hotel. I had been ill all winter and had come back from Portland and was stopping there for a time. I was sitting in the upper rotunda of the hotel—the parlor —————

MR. CHAIRMAN: Was that the Windsor in Montreal?

A.—Yes, the Windsor. I was reading a paper one morning when Mr. Beck came through. I was feeling rather lonely and blue and was glad to see someone I knew. We got to talking about things, and sometime during the conversation something about this proposition regarding the Hydro-Electric line came up. He said: "What are you doing now?" and in a joking way I said, "I am going up to build that line of yours." I hadn't thought of it at all. We didn't say anything more about it but sometime during the day we met again by accident in the rotunda below, and I think I broached the subject again I wanted to know whether they were really contemplating building. It was a large undertaking and I had contemplated taking up that sort of work. I broached the subject and said, probably, I would look into it.

Q.—Then when did you first take it up with the engineers?

A.—I don't remember whether it was that same day or the day following I met Mr. Smith in the hotel. Knowing he had at one time been Chief Engineer of the Commission, I asked him if he understood that line of work, and he said he did. I asked him if he knew what was wanted pretty well, and he assured me that he did. We discussed it then two or three times and afterwards at different times. We finally reached an understanding that we would take up the matter and tender for this work.

Q.—Was Mr. Smith interested with you in it?

A.—The understanding was that he was to get a certain percentage of the net profits. There was nobody interested in the construction company proper except myself. I used it as a trade name.

Q.—You used the company as a trade name, but Mr. Smith was interested in the contract?

A.—We had an agreement by which on the completion of the work a certain percentage of the net profits were to go to him, that would be the firm of Smith, Kerry and Chase, the agreement was made with Mr. Smith.

Q.—Then your negotiations or investigations continued on from that time?

A.—Yes.

Q.—When did you first see the specifications, do you recall?

A.—I should say the latter part of May or early in June.

Q.—And you in the meantime had been looking over the line, had you?

A.—Yes, and I had engineers attending to it. I knew the country very thoroughly.

Q.—And you were having the line looked over?

A.—I was having the details looked over, yes.

Q.—Then did you say you had decided to tender in March or when did you decide?

A.—We decided to tender after making investigations and finding what would be the probable cost and the capital required to carry out the work.

Q.—Do you recall the date you decided to tender?

A.—I do not.

Q.—Approximately?

A.—Possibly in May.

Q.—Then you went on and did put in a tender, I believe the tenders are here. What exhibits are they, Mr. Chairman—eight and nine, I think. (To Mr. Pope): There are some other tenders are there not, Mr. Pope?

MR. POPE: There are two here, a little complicated. We had them the other day but didn't put them in.

MR. ROWELL: We don't need the copper one.

MR. MCGARRY: That had better go in.

MR. ROWELL: We don't want the copper one, but I have not the least objection. I didn't want to load up the records, but I am quite satisfied that it should go in. And I think one is not copper—if you will look at it. Then we will put in, one a copper one and one an aluminum.

MR. CHAIRMAN: There is one aluminum tender in before, is that what you want?

MR. ROWELL: Yes, I want the aluminum one. (To witness): Then you tendered for two types of towers?

A.—I should say three types

Q.—We had better get that in; On page 82 of the report of 1909 of the Hydro-Electric Commission No. "A." The tender marked "A" is a tender for aluminum cable with Milliken Towers or the Commission's substitute?

A.—Yes.

Q.—Then, the amount of that tender was \$1,225,000?

A.—I believe what is shown here to be correct. I would have to see my original figures before I could say positively.

Q.—This is the tender?

A.—I assume that is the tender. I assume those figures are correct.

Q.—I see, this first one was for Milliken Towers, or the Commission's substitute?

A.—Yes, sir.

Q.—In this you were to build it for apparently \$1,225,000?

A.—Yes, sir.

Q.—Then "B" is copper cable with Milliken Towers, or the Commission's substitute?

A.—Yes, sir.

Q.—That is \$1,255,000?

A.—Yes, there is approximately \$30,000 more for copper cable.

Q.—Then "C" is aluminum cable with Canadian Bridge Company's towers?

A.—Yes.

Q.—That is \$1,270,000?

A.—That was the contract.

Q.—That tender was for \$1,270,000?

A.—Yes, sir.

Q.—And “D” is copper cable with Canadian Bridge Company Towers; that is \$1,300,000?

A.—Yes. The difference between the cost of copper cable and aluminum cable is about \$30,000.

MR. ROWELL: Can you give me the last two, handed in, Mr. Chairman?

MR. CHAIRMAN: Yes, the aluminum one will be Exhibit 25, and the copper one will be 26.

MR. ROWELL: Then I notice in the contract, Mr. McGuigan, that it stipulates that you are to obtain the towers from the Canadian Bridge Company, of Walkerville, or the Ontario Iron and Steel Company, of Welland, Ontario?

A.—Yes.

Q.—The Ontario Iron and Steel Company had also a tender in for the towers?

A.—I don't know, I understood so but I don't know that.

Q.—I see on page 80, their tender. . . . Why were these stipulations put in. Can you tell me?

A.—I understood there was a good deal of politics in it. It was thought it would give more prestige to some people if Canadian manufacturers got them.

MR. CHAIRMAN: If they gave it to Canadian industries.

HON. MR. HENDRIE: They were spending Ontario money.

MR. ROWELL: Then the Northern Aluminum Company ——

MR. MCGUIGAN: That is also a Canadian industry. They have their works at the Shawinigan Falls.

Q.—It is the Canadian branch of the American Aluminum Co.?

A.—Yes.

Q.—Was that put in the tenders?

A.—I understand so. But I don't know that.

MR. CHAIRMAN: It struck you as a Canadian policy?

A.—Yes, and a good one.

MR. ROWELL: I see that in section “J” you were required to deposit the options and agreements for material with the respective sub-contractors —just read section “J.”

A.—Yes, that I understood. In the case of our default I understood the Commission would have the right to take these options on materials.

Q.—As provided in sub-paragraph “J” of paragraph 2 of the contract?

A.—Yes.

Q.—To whom did you sub-let the contract for providing the towers?

A.—To the Canadian Bridge Company, of Walkerville.

Q.—That sub-contract was submitted to the Commission?

A.—My recollection is that all sub-contracts were.

Q.—To whom did you sub-let the supplying of the cable?

A.—The Northern Aluminum Company.

Q.—To whom did you sub-let the construction?

A.—My negotiations were with this man Muralt. Mr. de Muralt is the way it should be, the company did the work—the Niagara Construction Company.

Q.—Was that Company incorporated to do the work?

A.—Yes.

Q.—Was that sub-contract—all the sub-contracts were submitted to the Commission?

A.—Yes.

Q.—You knew Muralt and Company had a tender for construction with the Commission.

A.—Yes, that is I understood they did.

Q.—Did you have any conferences with Mr. Muralt with reference to the matter before the contract was let to you?

A.—I think the first conference was with his representative, who was afterward President of the company, Mr. Engh or Enge, I don't know how you spell it.

Q.—Could you tell me about the date of this?

A.—I cannot, no. It was prior to the time fixed for putting in the tenders.

Q.—When did you have the first conference with Mr. Muralt?

A.—I don't recall whether it was just before or just after the tender was submitted, but it was about that time.

Q.—About the time the tenders were submitted?

A.—Yes.

Q.—Did you have any conferences with him with reference to withdrawing his tender?

A.—Yes.

Q.—Did you come to an understanding with him about that?

A.—We did.

Q.—What inducement was given him to withdraw his tender?

A.—He was told that he could have the work at the price for which he tendered on it. His price on some parts of the work was a little lower than ours.

Q.—Was that agreement in writing?

A.—It was.

Q.—Have you got it?

A.—I don't know whether it is among my papers or not. I have not been doing anything since June. I have not been able to do any work, and my papers have got well mixed up. Possibly I have it but whether it is in Montreal or here I don't know.

Q.—Then you entered into an agreement with him whereby he agreed to withdraw his tender in consideration of your agreeing to give him a sub-contract at the same prices?

A.—Yes, that was the understanding, and a very common one too. It is a very common thing among contractors.

Q.—Then that was before the tenders were reported upon, because I saw in the report of the engineers on the tenders he said the Muralt tender was withdrawn?

A.—Yes.

Q.—It had to be got out of the road before the report was presented?

A.—I do not know as to that; that is a part I don't know anything about.

MR. MCGARRY: That is not right. You have no right to be making insinuations against anyone.

MR. ROWELL: I was not making insinuations against anybody.

MR. MCGARRY: It looks like it. It looks like a good deal of gallery work.

MR. CHAIRMAN: He hasn't got over the habit after yesterday.

MR. ROWELL (to witness): After that agreement which is in writing, that the tender should be withdrawn, do you know whether he withdrew his tender or not?

A.—I assume he did, because he was ready to do business with me when the contract was awarded.

Q.—And it was sub-let to him?

A.—Yes.

Q.—And we have the prices of his tender printed in page 81 of the report of 1909; the tender is put in, too?

A.—Yes.

Q.—Did you have any conferences with McLennan and Keyes about their tender?

A.—Not that I recall. Most of these people, one time and another, tried to find out what the other fellow's tender was.

MR. MCGARRY: What has that to do with this investigation?

MR. MCGUIGAN: I didn't know anything about them at all. My understanding is that we did not regard them as very serious contenders. They were young fellows, without much capital or experience, or anything to commend them.

Q.—You didn't consider their tenders serious?

A.—No, sir, I did not.

Q.—How about Campbell, Sinclair and Green?

A.—I didn't know that tender.

Q.—Then as you now recall it, was there any tender for the construction that you regarded seriously except the Muralt tender?

A.—We were more afraid of these people than any others. I understood they had had experience. There was very little knowledge of the cost of doing that kind of work except by the people who had done it, and these

people, we understood, had done it. They had the advantage of knowing what was before them.

MR. McCRAE: What people were they?

MR. MCGUIGAN: Muralt and Co. After I got hold of Mr. Engh and asked him to tell me frankly what his prices were, I thought we could give them the work at those prices. He was lower on some, only for the footings. I think our prices were lower than his for some of it.

Q.—Do you recall the prices at which you sub-let to the Canadian Bridge Company?

A.—I cannot give you them accurately. We have those prices.

Q.—You can give us those prices?

A.—Yes.

Q.—And the same on aluminum?

A.—We were given the lowest prices made on the continent at that time. We knew how hard up the people in Pittsburg were for orders for steel and I took advantage of it.

Q.—That was for the towers?

A.—I knew where the steel would have to come from. The steel all had to come from Pittsburg.

Q.—You got a lower rate from them than the Ontario Iron and Steel Company?

A.—Yes, very much lower.

Q.—Do you recall how much it was below the tender of the Ontario Iron and Steel Company on page 80?

A.—No, I do not; it was below their prices. I knew the Ontario Iron and Steel Company would not be able to furnish them. They were given a part of the work; the Ontario Iron and Steel Company were permitted to furnish part of it and they failed.

Q.—Who required you to give a part to the Ontario Iron and Steel Company?

A.—We were not required to. We did it simply as a matter of policy, because of this effort to ensure that everything be produced in Canada. They were the only people in a position to roll that sort of stuff.

Q.—Had the Canadian Bridge Company no prior experience in rolling this kind of towers?

A.—Who was that?

Q.—The Canadian Bridge Company.

A.—The Canadian Bridge Company did not roll steel. That is done in the rolling mills. They simply fabricate.

Q.—I meant fabricate?

A.—I cannot say as to that. I had positive knowledge that the head of the works was one of the cleverest structural men in America. I knew that, by dealing with him for years, while I was with the Grand Trunk.

Q.—I see, with a letter produced of the Aluminum corporation, is a letter from the sales manager of the company of August 27th, 1908, in reference to the matter. I would like to ask you one or two questions in regard to it.

This is a letter addressed by the sales manager of the Aluminum Corporation to the Commission with reference to their tender.

A.—I wouldn't know anything about it.

Q.—You won't know anything about this letter, but you might know something about the matters he refers to. He says: "A member of the contractor's firm informed the writer that his firm were under obligation in the event of their tender being accepted to purchase their steel towers from a firm who had had many years' experience in that particular line of work." Who would be the member of the firm referred to?

A.—I don't know that. There was nobody in my firm but myself. The name "McGuigan Construction Company" was only a trade name.

Q.—What about Mr. Smith?

A.—He was not in the contract with the Commission. My practice, as soon as I decided to tender on a contract, is to find some man specially qualified for that particular object I want to take up, and make an arrangement with him for that one job. I make no arrangement continuing beyond the job I have in mind.

Q.—It was this particular job Mr. Smith was to be given an interest in the net profits?

A.—That is so, yes.

Q.—Did you figure out yourself, Mr. McGuigan, how much the Muralt tender was below the Merrill-Ruckgaber tender?

A.—I did not. I did not know it was lower. I did not know that until it was published in the newspapers.

Q.—What part did Mr. Smith take in connection with the tenders?

A.—What tenders?

MR. CHAIRMAN: What part of the exhibit is that?

MR. MCGUIGAN: I don't quite get your meaning, Mr. Rowell.

MR. ROWELL: This is part of Exhibit 19, the letter is part of Exhibit 19. What part did Mr. Smith take in the negotiations, or in the conferences with the Commission, or its officers, with reference to the tender or contract?

A.—He did such work as an engineer would ordinarily do in trying to obtain correct information as to just what the specifications meant, and in regard to material and other details.

Q.—Well, now, you told us that you regarded this Muralt tender seriously. How did you find out what these tenders were?

A.—Mr. Smith gave me the information.

Q.—Of the amounts of the different tenders?

A.—No, he gave me the information after the conference with Mr. Engh. I talked with him myself.

Q.—You don't know where he got the information?

A.—No.

Q.—He gave you information as to the amounts of these tenders?

A.—I didn't tell you that. I did not know about it until it was published. This man gave me the information because I approached him.

MR. MCGARRY: That is de Muralt?

A.—Well, I meant Engh.

MR. ROWELL: Why do you say you did not regard the McLennan and Keyes tender seriously if you did not know the amount of the tender?

A.—Because I did not think they had the experience to guide them.

MR. CHAIRMAN: You said they were a couple of young fellows.

A.—My understanding was that they had not money enough to undertake any work of any magnitude, that they had very limited means.

Q.—Who did you discuss this question of making an agreement with Muralt with—did you discuss it with Mr. Smith?

A.—I had that talk with Engh some time before. I got hold of Engh first. I think he put himself in my way, as a mater of fact.

Q.—Did you come to an agreement with Engh or was the agreement with Mr. Muralt?

A.—With Muralt.

Q.—You did not arrive at any agreement with Engh?

A.—I had Engh give me his figures, approximately.

Q.—Did you make a memoranda of them?

A.—No, I did not have to. There was simply a matter of three or four items, the footings, the fabrication, the erection of towers and the erection of cables.

MR. MCGARRY: The footings were the only branch in which they were lower than you?

A.—That was the only thing I was afraid of. I knew their prices were below what they could do the work for.

Q.—When did you actually get down to business, Mr. McGuigan with reference to the withdrawal of the Muralt tender?

A.—It was very near the time for the tenders. I haven't the exact date. I would have to hunt up the hotel record.

Q.—Where did you have a conference with him?

A.—The final conference was held in a room in the King Edward Hotel.

Q.—In the city here?

A.—Yes.

Q.—Who drew up the agreement?

A.—I think Mr. Muralt wrote it himself.

Q.—You think Mr. Muralt did.

A.—That is my recollection, yes.

Q.—Can you fix the date on which that agreement was drawn up?

A.—I cannot. It was very shortly before the time we understood the tenders were to be opened and finally passed upon.

Q.—Then with whom else did you discuss the question of the Muralt tender?

A.—I don't recall that I discussed it with anybody but Mr. Smith.

Q.—How often did you discuss it with Mr. Smith.

A.—Possibly two or three times.

Q.—Covering how long a period?

A.—Between the time—it may have been—between the time I first met Engh who communicated with Muralt who came from New York.

MR. ROWELL: I don't know that we can get further until we get that agreement with Muralt and those with the sub-contractors, Mr. Chairman.

MR. MCGUIGAN: I can give the substances of what the agreement was. The agreement was among my papers in Montreal. I closed my office there after I was taken ill and I do not know whether the papers are there or here.

Q.—You could have your papers searched here and be ready to-morrow?

A.—I would have to do it myself. I might be able to do that.

MR. CHAIRMAN: We meet Friday.

MR. ROWELL: Cannot we meet both days?

MR. CHAIRMAN: Thursday the other Committees meet. That was the very object in selecting Wednesdays and Fridays, as the way would be clear.

MR. ROWELL: Can we meet at 10 on Friday?

MR. CHAIRMAN: Oh, yes.

MR. ROWELL: Or 10.30.

MR. MCGUIGAN: Have you done with everything except the contract?

MR. ROWELL: No, but I want him to produce that agreement.

MR. CHAIRMAN: You want him to produce the agreement with Muralt and with the other sub-contractors?

MR. ROWELL: Yes.

MR. CHAIRMAN: I suppose you could look for those Mr. McGuigan?

A.—They may be in Mr. Tilley's possession. I cannot say. Possibly they are.

MR. MCGARRY: Of course this has practically nothing to do with the investigation—what this man has done.

MR. ROWELL: I think it has a great deal to do with the investigation.

MR. CHAIRMAN: I think it is a very ordinary practice, in my slight experience with contractors, that they clear the way for themselves as well as they can. It is quite an ordinary thing and generally it occurs at the last moment because, where they make an arrangement of that kind they don't want everyone to know of it. Every man would hold Mr. McGuigan up to pay an out-of-the-way price.

MR. MCGUIGAN: I don't believe you would find anything in the sub-contracts that would be of any value to you, as I understand the purpose of this investigation.

MR. ROWELL: There may be nothing in the sub-contracts, but I would like to see this particular contract with Mr. Muralt. You will get that if you can find it?

A.—There is nothing in it more than I have told you. It is simply that if he withdraws his tender he shall have a contract at the same prices.

MR. CHAIRMAN: It will facilitate the investigation if you can hunt it up Mr. McGuigan.

MR. ROWELL: Can we go on with Mr. White in the meantime?

MR. CHAIRMAN: Mr. White is still ill. He hasn't been in his office for some time.

MR. ROWELL: Isn't there some one else there can speak as to this?

MR. CHAIRMAN: The documents can be had. You asked for Mr. White to give evidence and he is not available.

Q.—When is he likely to be here?

THE CLERK: We cannot tell. He has been in bed since before the Committee met.

MR. CHAIRMAN: He has been in bed some time now. Can you go any further with Mr. McGuigan now?

MR. ROWELL: No, not until we get that contract.

MR. CHAIRMAN: We don't want to increase that deficit you have been telling us about. We have to pay Mr. McGuigan for staying around Toronto.

MR. ROWELL: Mr. McGuigan has been staying in Toronto for some time.
. . . . Isn't there anything else we can go on with?

MR. CHAIRMAN: These papers with reference to Government House are here.

MR. MCGARRY: As I understand it you want Mr. McGuigan to produce the agreement with de Muralt; you will then be in a position to finish with him?

MR. ROWELL: It depends on what is disclosed. I am not going to commit myself to any course until I see what the evidence is.

MR. MCGUIGAN: I assure you there is nothing in that agreement but what I have given you. My time is worth something and I hope this will not be prolonged.

MR. ROWELL: I have no expectation other than that we will conclude with Mr. McGuigan when he comes here with that document. But when the honorable member asks me if I will undertake to get through on Friday I cannot agree to anything such as that.

MR. MCGARRY: The reason I asked whether you were likely to conclude with Mr. McGuigan is that we are going to call some witnesses in this investigation and we want to get through this session.

MR. ROWELL: We did our best to get the committee called before. It is not our fault.

MR. MCGUIGAN: There is another feature of this that I hope to be given an opportunity of explaining and saying something about.

MR. CHAIRMAN: You will, you will have every opportunity.

MR. MCGUIGAN: The hardship has not been all on the side of the people here. I am the principal sufferer. I feel that the Government of Ontario don't want to rob anybody and they have robbed me.

MR. MCGARRY: The Opposition is trying to make out that you robbed the Government?

MR. MCGUIGAN: Well, I will be glad to have an opportunity of saying how this has been done.

MR. CHAIRMAN: You will be given ample opportunity. You will be given an opportunity of getting at the bottom of the whole matter. Mr. Rowell seems anxious to do it and we are anxious to help him.

MR. ROWELL: What about de Muralt?

MR. CHAIRMAN: I have communicated with him but haven't a definite reply as yet. As I understand, after inquiry, it seems obvious that there is no way of compelling his attendance, and it would be establishing a precedent if we were to undertake to send a draft for \$250 to him.

MR. MCGUIGAN: Better send a fellow down with it.

A MEMBER: We might send you.

A.—I couldn't manage him, he is too much for me.

MR. ROWELL: Did the chairman undertake to pay his expenses?

MR. CHAIRMAN: I have not given any definite undertaking. I have endeavored to act upon your suggestion and see his solicitors. There are apparently only two ways of securing his evidence; either to get an order of the House to send him \$250 to secure his attendance, or to issue a commission and the chairman and the members who chose could travel over and see him. We might do that after the session is over perhaps.

MR. ROWELL: And in the meantime we have the assurance of the Chairman that he is trying to get him here.

MR. CHAIRMAN: You have.

(Mr. McGuigan excused.)

Mr. R. H. Fairbairn, Deputy Minister of Public Works, called and sworn.

MR. ROWELL: Mr. Fairbairn, perhaps you can give us some light upon one or two matters here. I see on page 331 is an item of \$194,542.53 for the construction of the new Government House?

A.—Yes.

Q.—It is made up of certain detailed items set out on that page?

A.—Yes.

Q.—You are familiar with the lay of Government House?

A.—Yes.

Q.—And what work has been done there up to the present time?

A.—Yes.

Q.—Can you tell me the size of that retaining wall constructed there?

A.—I cannot tell that from memory.

MR. CHAIRMAN: Is that covered by that item?

MR. ROWELL: Do these items of expenditure cover the work done during the financial year of 1912 from the 31st of October, 1911 to the 31st of October 1912, on Government House grounds and buildings?

A.—Yes, that covered the expenses.

Q.—Is any part of that relating to the construction of the retaining wall?

A.—Yes.

Q.—Can you tell me how much relates to the construction of the retaining wall?

A.—It will take some time to estimate that. We could go through the vouchers and ascertain how much will be for the retaining wall.

Q.—You can do that?

A.—Yes we can do that.

Q.—Can you give me the length, depth and breadth of the wall?

A.—We couldn't do it without making measurements, without checking up the plans.

Q.—Is any other officer of your department more familiar with the figures?

A.—The architect might be more familiar. It is a question of examining the plans and measurements. There is quite a long retaining wall and it varies in dimensions very much. I could give it to you between limits.

Q.—What is the greatest depth and its greatest length?

A.—That can be checked from the records.

Q.—You cannot give it?

A.—No, I cannot give it to you to-day.

Q.—Can you tell me this. How many feet below the street level is the floor of the new Government House. Can you tell me from memory?

A.—I would have to refer to the records for that.

Q.—Could you tell me how far below the street level is the level of the grounds?

A.—That can be ascertained from the records. I haven't it in my mind.

MR. CHAIRMAN: If you read that letter written by J. W. Johnson to the Mail and Empire a few weeks ago it will tell you all that.

Q.—I didn't see that. What J. W. Johnson?

A.—J. W. Johnson, of Belleville.

MR. McNAUGHT: When was that in?

MR. CHAIRMAN: Two weeks ago.

MR. ROWELL: I am afraid we cannot make much progress.

MR. FAIRBAIRN: If I had known what I was likely to be asked it would not have taken long ascertain these facts from the records.

MR. ROWELL: You can look up these facts, the lay of the land, the ground floor area.

MR. CHAIRMAN: The plans can be produced to show the whole thing.

MR. ROWELL: I am afraid then that in the meantime we cannot make any progress with Mr. Fairbairn.

MR. FAIRBAIRN: It is difficult when one doesn't know exactly what it is you want to get at.

MR. CHAIRMAN: I would suggest that you go and look at the property.

MR. ROWELL: I have looked at it. But I want to put it on the records. I live in that district.

MR. FAIRBAIRN: It is a number of months since the level of the floor and the grounds were before me and I cannot recall what they are.

MR. CHAIRMAN: Some other officer in the department would keep tab on that?

A.—The man who had to do with the records and plans.

MR. ROWELL: Will you have these looked up in order to give evidence at the next meeting?

MR. CHAIRMAN: Is that all?

(Witness excused).

The Committee then adjourned.

PUBLIC ACCOUNTS COMMITTEE.

March 26, 1913.

The Committee met at 11 a.m. The Chairman explained that Mr. Aubrey White, Deputy Minister of Lands and Forests, who was to be present when asked for would be unable to appear, owing to illness. The Chairman then read a telegram from Mr. Muralt, who was to be subpoenaed to appear before the Committee.

MR. CHAIRMAN: He wires from Dobbs Ferry: "Impossible for me to be in Toronto, March twenty-sixth; but providing you pay expenses I can be there any date between April fourth and fourteenth. Send me New York draft for two hundred and fifty dollars to Dobbs Ferry, New York, and state when you want me. I will be at Dobbs Ferry until March twenty-ninth, then at Ann Arbor."

(Signed) C. L. de Muralt.

MR. ROWELL: Have we the exhibits asked for the other day?

MR. POPE: I am waiting for them, Mr. Pierdon will be up in a few minutes with them.

MR. CHAIRMAN: I may say, to facilitate matters, that Mr. Gaby is going away for some time and may not be available after to-day. If you get to him to-day you might get through with him.

MR. ROWELL: Yes, just as soon as we have a look at these documents.

MR. CHAIRMAN: Mr. Gaby will be here directly.

Mr. Pope submitted copies of exhibits presented at previous meeting of the Committee.

MR. CHAIRMAN (To Mr. Rowell) Do you want Mr. McGuigan to-day?

MR. ROWELL: I cannot tell how well we will get along. I think he had better be available. We won't want him for half an hour anyway.

MR. CHAIRMAN: I will arrange with him about it. . . . Mr. Pope was speaking to me about one answer in his evidence yesterday that he wants to explain to-day. It is on page (seven). The question is:

"Is this item of \$31,063.89 the official certificate given by the engineer under the contract appearing in the report?"

And the answer is: "Yes, sir."

Mr. Pope wants to make some explanation about that.

MR. POPE: The official certificate I find was given by the Chief Engineer in April, that was for \$30,000 odd. That certificate the contractor did not accept and arbitration proceedings were taken. Following the arbitration

proceedings the guarantee company notified the Commission not to pay any money to the contractor without their consent, as there was a considerable amount of outstanding accounts against the contractor for material which had to be taken care of to prevent a mechanics' lien. Finally, in October or November, Mr. Staunton, who was acting for the Commission advised them—the letter is in evidence—that the outstanding accounts were provided for and that the guarantee company consented to the Commission paying, and in November that was paid and, making it up, there was some \$300 added to make the \$31,063.89 I mentioned.

MR. ROWELL: Let me understand you; the \$85,000 was in addition to the items to which you now refer . . . to Chairman, there was Mr. Muralt's letter; that was to be put in. I don't think it is in.

MR. POPE: It is in. I think it's in Exhibit 17.

MR. CHAIRMAN: There is a letter here from Mr. Muralt dated July 21st, 1908. It's in Exhibit 17.

MR. ROWELL: Then the minutes of the Board approving of the McGuigan settlement. They are dated April 17, 1912. They would be Exhibit 18. . . . That will do with Mr. Pope for the present. We may want to hear from him after we have heard from Mr. Gaby.

MR. MCGARRY: Have you got with you the letter from Mr. Staunton recommending the settlement at \$86,000?

MR. POPE: That went in the other day.

MR. CHAIRMAN: Yes, here it is.

Mr. Gaby called and sworn.

Q.—When did you enter the service of the Hydro-Electric Commission, Mr. Gaby?

A.—In May, 1907.

Q.—And you have remained in the service of the Commission up to the present time?

A.—Yes.

Q.—What position did you occupy when you first entered the service of the Commission?

A.—I was assistant engineer.

Q.—Assistant to whom?

A.—Just one of the assistants. There were a number of assistant engineers.

Q.—How long did you continue to act as assistant engineer?

A.—I am afraid I cannot give you any definite date. It was no official change so far as title was concerned. I was assistant and was also recognized as chief assistant at a later date. I had no official title other than assistant engineer.

Q.—At a certain time you become recognized as chief assistant engineer. Can you give me approximately the date?

A.—I am afraid I cannot. It was just a gradual change.

Q.—For how long a period did you act—have you acted as chief assistant engineer—one or two or three years?

A.—Probably two or three years.

Q.—Then when did you become Chief Engineer?

A.—In December, 1912.

Q.—Who was Chief Engineer when you were appointed assistant engineer?

A.—Mr. P. W. Sothman.

Q.—Was he in the employ of the Commission before you entered its service?

A.—He was in the employ of the Commission in 1906—in September.

Q.—And you entered the employ of the Commission in 1907?—in May, 1907?

A.—Yes.

Q.—Then who were the other assistant engineers at the time, who worked with you and Mr. Sothman?

A.—When I first entered the service of the Commission?

A.—Yes.

A.—We had Mr. Acres, Mr. Richards, and Mr. McBride. That practically constituted the staff at that time.

Q.—What were your duties while acting as assistant engineer in connection with the work of the transmission line?

A.—The preparation of estimates for construction, the designing of different construction for transmission lines, sub-stations, etc., and writing specifications.

Q.—Under whose instructions were you acting in preparing these estimates?

A.—Mr. Sothman's instructions.

Q.—Then did you continue to act under his instructions up to the time you became Chief Engineer?

A.—Yes, sir.

Q.—As long as he continued with the Commission you were acting as assistant to him and acting under his instructions?

A.—Yes.

Q.—Then Mr. Sothman had the general direction and charge of the engineering work of the Commission during the periods you have given?

A.—Yes.

Q.—Was Mr. Smith connected with the Commission when you entered its employ?

A.—No, he may have been for a short time in a consulting capacity, but he was not working as an engineer of the Commission.

Q.—Do you remember the date he retired?

A.—No, I do not.

Q.—How long did he continue in a consulting capacity?

A.—That I cannot say.

Q.—Well, was it a year—or a few months?

A.—I can't tell that. That is a matter for the Commission. I had no information. I have had no means of getting at the records of the Commission.

Q.—Perhaps it is a little irregular, but it would save time if we could be told.

MR. POPE: It was before my time.

MR. ROWELL: Yes, you couldn't say. (To witness) did you have to do with the preparation of specifications and plans for the construction of the transmission lines?

A.—Yes, sir.

Q.—You worked with Mr. Sothman?

A.—Yes, sir.

Q.—Who would advertise for tenders?

A.—That would be done on instructions from the Commission.

Q.—The plans and specifications were prepared which have already been put in as exhibits and tenders were called for?

A.—Yes.

Q.—Have you the tenders that were received?

A.—No I have not got the tenders. The tenders are in the files of the Commission.

Q.—Mr. Pope says that he has them here and that you could speak as to them. . . . The tenders I see are referred to on pages 80, 81 and 82 of the report of the Commission of 1909. Now we will take the first tenders, for the supply of cable. I notice that in the report of the Commission there appears to be just two tenders for aluminum cable. . . . Have you got these five tenders, the tenders for cable. The first is the Dominion Wire Manufacturing Company?

MR. MCGARRY: That is not for aluminum cable, that is for copper.

MR. ROWELL: Yes, but I just want to see if there is any aluminum mentioned in it (after looking over tender). It doesn't cover aluminum cable at all?

MR. GABY: No.

Q.—Then take the tender of the Aluminum Corporation, Limited, of Toronto. Have you that one?

A.—Yes. (Tender produced.)

Q.—Now, is the Aluminum Corporation, Limited, of Toronto, the same as the Northern Aluminum Company of America?

A.—No.

Q.—What relation was there between them?

A.—No relation, whatever.

Q.—The Aluminum Corporation, Limited, of Toronto, is a British Company, isn't it?

A.—The Company that formed it was British, the head man here was Roderick J. Parke. They obtained their aluminum from the British Aluminum Company.

Q.—Did they say where they were going to get their supply in this tender? We will just put in the tender and the correspondence with relation to it from the Aluminum Corporation, Limited. We can go back to that again if we want to. The contract when entered into required them to purchase their aluminum from the Northern Aluminum Company of America to be made at Shawinigan Falls?

A.—What contract?

Q.—The contract with McGuigan.

A.—I don't know that it did.

Q.—We will just put in this correspondence. That will be Exhibit 19.

Then going on to the tenders, here, erection of the transmission line. The file—that is Exhibit 19—contains first the letter attached to the tender bearing date of July 15th, 1908. The tender dated July 20th, 1908, the letter of August 27th, 1908, and a copy of the letter from the Commission to the Company dated August 18th, 1908?

A.—Yes.

Q.—Now, can you tell me if there was any reply sent by the Commission to the letter of August 27th, 1908?

A.—I know of none, unless it is on the file.

Q.—Now, then, let us have the tenders for erection. First the Merrill-Ruckgaber-Fraser Company of New York; this will be Exhibit 20. This contains the tender itself, a copy of the specifications, a copy of the letter from the Company to Mr. Beck, dated July 15th, 1908, and a copy of the letter from Mr. Fraser with reference to the tender, dated July 24th, 1908; a copy of the letter from the Commission to Merrill-Ruckgaber, dated August 20th, a copy of a letter from this firm to Mr. Beck of August 17th, 1908. These are the contents of the tender?

A.—Yes.

Q.—Now, does the tender show what the amount would be worked out?

A.—No.

Q.—The tender does not show on its face what the amount would be worked out according to the specifications?

A.—No, the prices are submitted on a unit basis.

Q.—Then take the Muralt and Company tender which is the next one; this is dated July 14, 1908, and will be Exhibit 21. It is accompanied by a letter from Mr. Muralt dated July 14th, 1908; by a letter dated January 21st, 1908, asking to withdraw the tender; a further letter from Mr. Muralt of September 11th, 1908; a further letter of September 17th, 1908; a letter from Mr. Beck to Mr. Settall, dated September 21st, 1908. . . Mr. Settall was Secretary of the Commission?

A.—Yes, at that time.

Q.—And a letter from the Commission to Muralt and Company, of September 24th, 1908. Now will you let me have the tender of McLennan and Keyes. That will be Exhibit 22. The file contains the tender, accompanied by a copy of the letter from the Commission to McLennan and Keyes,

dated August 12th, 1908. I see in this letter from the Commission of August 12th, 1908, it is stated: As your tender for the erection of the high tension transmission line cannot be considered in the final award by the Hydro-Electric Commission they have authorized me to return you the cheque for \$4,000 which was attached to your tender." Can you tell me why that could not be considered in making the award?

A.—No.

Q.—You do not know?

A.—It was our opinion at the time that the figures were so greatly out for the construction, in our opinion, so far as the estimates were concerned, that we did not consider them in making the sum of the combined tenders?

Q.—You thought the tender was so far out, according to your estimates, that you did not consider it in figuring up the amount of the combined tenders?

A.—Certain figures there, without further investigation appeared to us, from our knowledge of the work to be done, very, very low, and that the work could not be done at the prices quoted.

Q.—You thought the prices quoted in that tender were below the prices at which the work could be done?

MR. MCGARRY: He said certain prices, not all of them.

MR. ROWELL: Certain prices in that tender were below and when figured out the total was below your estimate of the cost?

A.—I did not say that, sir. I did not say anything about figuring. I said that in certain unit prices they were below what we believe the work could be done for.

Q.—Which of the unit prices, then?

A.—For the footings; for the installation of footings, \$3.91.

Q.—That was too low? What else was too low?

A.—Well, at the present time, without going into the details of the tender I would not like to say; without going over the tender and the details of it I would not like to say further, but that is one figure that comes to my mind.

Q.—Was the tender too low as a whole, when you took the whole tender was it too low?

A.—That I would not like to answer without further investigation.

Q.—Well, you can take time and think that over. Come to the next tender; that of Campbell, Sinclair and Green of Owen Sound; that will be Exhibit 23; the Exhibit consists of the tender, a copy of a certificate by Mr. Peterson, dated January 15th, 1907, a reference by Mr. Green dated July 14th, 1908, a copy of a letter from the Commission to the firm dated September 2nd, 1908, and a telegram from the firm to Mr. Beck, dated August 31st, 1908. I see this also states:

"As your tender cannot be considered in the final award by the Hydro-Electric Commission they have authorized me to return your certified cheque."

That is in the letter from the Commission dated September 2nd, 1908. What was the difficulty with this tender?

A.—They had not submitted figures on the different items called for. They only submitted figures on one or two separate items. That is, they did not fulfil the requirements the form of tender called for.

Q.—There were certain items of work that were not covered in their tender. Did you make any inquiry from them to know?

A.—That I cannot remember, whether there were any inquiries made or not.

Q.—That was a pretty low tender, too, was it not?

A.—It was not a complete tender.

Q.—I mean so far as they covered the points?

A.—They have a tender here for one or two items of the work, and the figures are low in comparison with the others.

Q.—Except McLennan and Keyes; they are higher than McLennan and Keyes on the similar items?

A.—They are, if these figures are right here.

Q.—If the figures in the report are right they are higher than McLennan and Keyes?

A.—Yes.

Q.—I notice that the tenders as originally called for were to be in by the 2nd of June?

A.—Yes.

Q.—The letter authorized an extension of time until the 15th of July?

A.—Yes.

Q.—Can you tell me why that was done?

A.—The instructions to the engineering department to prepare specifications for this work were given some time in the latter part of April and it was a physical impossibility for the engineering department to have those specifications prepared and printed in sufficient time for the different tenderers to submit their figures.

Q.—Were any tenders received under the advertisement of June 2nd?

A.—I do not know of any.

Q.—You received certain lump sum tenders?

A.—On July 15th, yes.

Q.—That was the last day for receiving tenders?

A.—Yes.

Q.—Now you have the McGuigan tender, that was put in the other day.

A.—Yes, here it is.

Q.—Exhibit 8 is the McGuigan tender for the aluminum cable and the Milliken towers?

A.—Yes.

Q.—And Exhibit 9 is the McGuigan tender for the same work but with copper cable?

A.—Yes.

Q.—Now did you figure out these tenders for the purpose of making a comparison between the unit and lump sum tenders?

A.—We made a large number of comparisons at that time.

Q.—A letter has been put in by Mr. Pope in the form of a report from Mr. Sothman to Mr. Beck dated July 22nd, 1908, giving certain comparisons?

A.—Yes.

Q.—Are you familiar with the figures contained in that report?

A.—Yes, I am familiar with them.

Q.—Now in these comparisons I see you figured out what the various unit tenders would amount to?

A.—Yes.

Q.—Take the combined tenders, aluminum cable; I see you put the erection, with the Merrill-Ruckgaber-Fraser at \$448,868?

A.—Yes.

Q.—How was the amount arrived at?

A.—We took the unit prices as given in each of these tenders and took the specifications, or the work that had been called for in the specifications, and by taking these unit prices we estimated the total sum to do the work.

Q.—Now give me the amount of work under the various heads of that tender by which the amount is made up?

A.—It would comprise; the excavation of the footings —

Q.—Just take the tender and give me the quantities, the Merrill-Ruckgaber-Fraser tender, which is Exhibit 20?

A.—It comprises: the erection first, the standard steel footings.

Q.—Take the various items and give me the quantities in each on which the figures are worked out?

A.—As to definite quantities I am afraid I cannot give them. The quantities were taken in accordance with the proposed towers mentioned in the specifications.

Q.—That is what I want you to do; just take the way you worked it out to arrive at that figure and give me the particulars of how it was done?

A.—The specifications call for something like 3,000 some odd towers.

Q.—Take a sheet of paper and let us get those items.

MR. CHAIRMAN: Could we not get along more expeditiously if that were figured out and brought here at another meeting?

MR. ROWELL: That was one of the things we asked to have figured out. I thought Mr. Gaby would have it.

MR. GABY: I had no such instructions. I did not know you wanted such figures or, probably, I might have figured that out for you. The great trouble is, there is nothing on file that we can find on that point. These estimates were prepared on slips of paper and books and those books are not on file at the present time. It would be merely from memory that I would have to go back and re-figure the quantities.

Q.—You cannot find the figures that were made at the time the report was filled out?

A.—No, sir, because those figures were made on slips of paper and sent as memoranda to the chief engineer. There is no record on file and no such statements or memoranda, that have been submitted to the chief engineer, are on file at the present time, other than as a report to the Commission.

Q.—You referred to them being entered in books; what did you mean by that?

A.—Merely memorandum books, pencil figures, that is of quantities and so forth; they were made up in small books. Those books are not in existence at the present time to my knowledge.

Q.—What has become of them?

A.—They would probably be kept for two or three years and destroyed after the contract was completed.

Q.—Have you any recollection of seeing them, and can you tell me anything about them?

A.—Yes, I have a recollection because at that time in July, 1908, I had a great deal to do with the preparation of these estimates and the comparison of these tenders.

Q.—Did you destroy them?

A.—That I cannot say. We destroyed a large number of these books about a year or two years ago. In fact we do it now from time to time as these memorandum books accumulate.

Q.—But I am dealing with this Mr. Gaby, if you will confine yourself to this particular memoranda. Did you destroy the memorandum books relating to these tenders?

MR. McGARRY: He answered that by explaining the system.

MR. GABY: I cannot say whether I did or not. These books are kept until their purpose is fulfilled, until we have no further use for them and then they are simply put in the waste paper basket or torn up and destroyed.

Q.—You have, however, in the specifications the basis upon which you made the computations which were embodied in these memoranda?

A.—I could in time get you all the information from the specifications here. It would probably take some time to do it as in addition to the information in the specifications we have to take into consideration the extra work which was called for and which was to be taken care of at the time of the award of the contract. That is, in the form of tender or in the general conditions of contract it is stated that after awarding the contract the engineer and contractor shall get together and determine what the unit prices shall be for extra work such as special conditions which we could not or no one could figure on at the time, or tender upon.

MR. CHAIRMAN: Things you could not foresee?

MR. GABY: Yes, things you could not foresee.

MR. ROWELL: But you can now figure back from the amount covered in this report & show us how that \$448,365 is made up?

A.—In a general way I can figure it. I do not know the exact quantities of special work that were included in that comparison.

Q.—Let us go back; you can get at the number of towers?

A.—Yes.

Q.—And you can get at the weights?

A.—At the weights of the towers? We had only estimated weights.

Q.—I mean you can get at the weights you figured on to make that up? I am not dealing with anything except your own figures.

A.—No, we could not get at the weights we figured on unless we had the memoranda before us. The weights of the towers were not determined until after the details of the towers were submitted to the engineers for their approval and that was after the contracts were awarded.

Q.—But follow me, Mr. Gaby; I am dealing with this report, which you had worked on the preparation of, dated July 22nd, 1908. Now, what I want is the data you then had upon which you figured that result. We are not dealing with what happened afterward.

MR. MCGARRY: He has answered that already.

MR. GABY: If I had the memoranda which were used and which we submitted to the chief engineer at that time on this work I could do it, but those memoranda to my knowledge, are not in existence. We went through all the files and all the papers we have but we could not find any memoranda that would give us that information.

Q.—Just tell us all the items in that, from the data in your office?

A.—The amounts used for special work, the weights of towers used at that time.?

Q.—You were figuring on the specifications then, not on the towers as finally settled—the weights of towers as provided in the specifications. Can you not get that?

A.—There is a certain estimated weight in the specifications, I believe, as to what the approximate weight would be.

Q.—And is not that what you figured on in making up that item?

A.—That I cannot say.

Q.—Can you tell me anything else you figured on except the weights given in the specifications?

MR. MCGARRY: He did not say he figured on the weights given in the specifications.

MR. ROWELL: I asked him if there was anything else he had to figure on except the weights given in the specifications. The witness is quite able to take care of himself.

MR. GABY: We may have at the time taken other figures than the estimates, the estimated weights in the memoranda; for certain reasons we might have done so. We had other towers submitted to us. We had the Milliken towers submitted to us; we had towers submitted to us on a design along our own lines and the Canadian Bridge Company also submitted a design which varies from the design the Commission submitted to tender upon.

Q.—Now will you try, taking the data given in the specifications and figure out for us—if you cannot do it to-day you can have it at the next meeting—how these amounts are arrived at.

A.—I could go approximately over those figures in general and show you

how that would be arrived at. For instance we can take 45,000 pounds *per* tower and the 3,000 and some odd towers mentioned in the specifications and we could take the unit price as given here and multiply that and it would give us the cost of tower for erection. Then we could take the number of footings, the standard footings which are given in the specifications and we could take and multiply that by the price given in the tender and that would give you the cost for the erection of standard footings, only that would not take into consideration any special footings. Then further, the amount of aluminum could be determined by taking the length and size of cables used and the weight *per* foot and multiplying that by the figure given in the tender. The same could be followed out for all those prices.

Q.—Now is it your best recollection that you arrived at the amounts in that way?

A.—Yes, that is the way we arrived at those amounts, and in addition we added to those figures what we thought at the time would be sufficient amount to take care of extra and special work mentioned in the specifications.

Q.—Then we have got it—but you might have told us before, Mr. Gaby—and you will work it out again for us, will you, and give us these figures?

A.—Well, I won't say they will come to those exact figures.

Q.—There may be a few dollars difference?

A.—But I could try and have those figures worked out for you. Do you want me to work them out now?

Q.—You say it will take some time?

A.—It will take some time, probably several hours to do it.

Q.—We will not have you do it then, just now. You can have it at the next meeting The same would apply, would it not, to the tender of the Aluminum Corporation, Ltd.; you have the data on which you would work out how you arrived at that amount?

A.—I have not the data but I could work it out from what information I have in the specifications.

Q.—And the same with reference to the towers?

A.—We could re-estimate the cost.

Q.—So as to give us the quantities, approximately at least, upon which these amounts were arrived at?

A.—Yes.

Q.—Then that is what we would like you to do. Now, then, you included in these estimates on the unit tenders what you considered would be a fair allowance for extra work that might require to be done under the specifications?

A.—Yes.

Q.—Well, then if you did that you can tell me why, in comparing the unit tenders with the lump sum tenders you also added \$40,000 for contingencies?

A.—To take care of unforeseen conditions such as delay in carrying out the work and other things which we could not at that time estimate.

Q.—And it was necessary to add \$40,000 for contingencies in order to get the unit tenders above the McGuigan tenders?

A.—Not at all sir; in fact I think the \$40,000 was a little too low, from my information at the present time.

Q.—But if you did not add the \$40,000 the unit tenders would have been lower than the McGuigan tenders?

A.—But the McGuigan tender took care of all these contingencies and extras that we would have had to take care of. It took care not only of contingencies and extras but took care of an organization which we would have had—which the Commission probably would have had to have taken care of.

Q.—Then does the \$40,000 cover the additional cost which would have been put on the Commission if it had been called upon to carry out the work with unit tenders?

A.—I do not believe it does.

Q.—Then there is no use in introducing that factor into it; what I want to get at is, what is covered by the \$40,000?

MR. CHAIRMAN: He means that it is not sufficient.

MR. GABY: What I mean there is that the \$40,000 would not be sufficient to cover contingencies over and above the unit prices, taking into consideration the way the work had to be done from the sub-contractors; from my knowledge of the conditions under which the work was done, \$40,000 would not have covered contingencies.

MR. ROWELL: But we are dealing with the situation as you saw it when this report was presented and not with conditions as they worked out; for the purpose of getting comparisons did you not include in there, at that time, when you made that report all that you considered necessary to cover all those items?

A.—We did, at that time, yes.

Q.—And including the additional cost to which the Commission might be put if it were called upon to carry out the work with unit tenders instead of a lump sum tender?

A.—I do not know. I could not say positively whether that was included or not.

Q.—You cannot say?

A.—No.

Q.—How did you arrive at the \$40,000?

A.—Even that I could not say. It was merely a figure that we had to estimate at the time as to what we thought might take place.

Q.—But putting in the \$40,000 made the unit tenders higher than the McGuigan lump sum tender. Now I see for the purpose of computation you used the Merrill-Ruckgaber tender for construction?

A.—Yes.

Q.—If you had used any one of the other three tenders the result would have been substantially lower?

Q.—Very much lower?

A.—It would have been lower using the figures given, but we had no information as to whether those ———

Q.—I am only dealing with the figures as given?

A.—Yes, with the figures as given it would have been lower.

Q.—If you had taken any one of the other tenders for construction the figures for the unit tenders would have been substantially lower than the Merrill-Ruckgaber-Fraser figure?

A.—Yes.

Q.—And the total of the unit tenders would have been substantially lower than the McGuigan lump sum tender?

A.—That, I cannot say.

Q.—What do you mean when you say you cannot say; just take your report and look it over and tell me.

A.—In the first place in the report here you notice there is no recommendation there. We had to investigate these tenders. We merely give a number of figures and say it will be necessary for us to investigate these different tenders before we could make a final recommendation as to which would be the lower. We submit these figures. The figures given in the McLennan and Keyes tender—this firm only tendered for one or two items in accordance with the form of tender.

Q.—It was for six items?

A.—Six items, yes; small items in comparison.

Q.—Just a moment, Mr. Gaby; be fair with us. Is that first item for towers a small item? Was not that one of the largest items?

MR. MCGARRY: Why don't you let him go on with his explanation.

MR. ROWELL: Mr. Gaby is in error, I want to draw his attention to it.

Q.—Is not that an important item of the tender?

A.—It is an important item.

Q.—Is not number two an important item of the tender?

A.—Yes.

Q.—And number three is an important item of the tender?

A.—Yes.

Q.—Those three are perhaps the most important are they not?

A.—The erection of towers and footings. Those are the most important items; those two would be about fifty *per cent*.

Q.—That is No. 1, on page 81?

A.—Or one, two, and three, would be about fifty *per cent*.

Q.—So that three of the items included in the Campbell, Sinclair and Green tender cover about half the total? How would No. 1 compare with 2 and 3 in total?

A.—Very small in comparison.

Q.—Two and three would be larger?

A.—Two and three would be the larger.

Q.—Now did you figure out what the Muralt tender would amount to?

A.—That tender was used; in fact all these tenders were used in making comparisons with the others.

Q.—And you could figure in the same way the Muralt tender as the Merrill-Ruckgaber?

A.—Yes.

Q.—In fact, if we get the quantities in the one it is a simple matter to figure out the others?

A.—A simple matter, yes.

Q.—Then after this report ——

MR. MCGARRY: What report?

MR. ROWELL: Mr. Sothman's.

MR. MCGARRY: You have been referring to it as Mr. Gaby's.

MR. ROWELL: Did you do anything in that report which was contrary to your judgment, Mr. Gaby?

MR. GABY: Which report?

Q.—Mr. Sothman's report to Mr. Beek of July 22nd?

A.—I cannot say; my report was memoranda to the Chief Engineer, and this report to my knowledge was probably compiled from memoranda submitted to him.

Q.—Made by you?

A.—Made by me and other engineers.

Q.—You have seen this report before?

A.—Yes.

Q.—You know its contents?

A.—Yes.

Q.—Do you quarrel with any of these figures?

A.—Well, from information I have at the present time, yes.

Q.—No, no, with information you had at the time it was made up?

A.—No.

Q.—Then I notice here in the report of the lump sum tender appearing on page 82, certain items appear; "amounts *per* mile," what is the significance of that?

A.—We desired to obtain a lump sum tender and also if we wished to use the unit figures *per* mile; that is, for reductions or increases in transmission lines we could take these figures, take the total work, or we could take the lump sum and use these figures for additions or reductions in the length of the transmission line.

Q.—What does this first column indicate, figures *per* mile?

A.—That is double circuit line, copper cables?

Q.—I just want the explanation so the printed report will be intelligible?

MR. MCGARRY: It is explained on page 82.

MR. ROWELL: No, we are speaking of the different items in "A" for instance, \$5,100.

A.—One is for double circuit transmission line with certain sized cables on it; No. 2 would be a double circuit line with different sized cables on it; No. 3 would be two single circuit cables on double circuit towers, and No. 4 a single circuit cable on single circuit towers.

Q.—Which one was actually used?

A.—They were all used in the construction of the transmission line.

Q.—Then the contract was let to Mr. McGuigan and we have the contract set out in the printed report. It is dated the 6th of November, 1908?

A.—Yes.

Q.—Then Mr. McGuigan sub-let the contract?

A.—Yes.

Q.—Tell us the parties to whom it was sub-let.

MR. MCGARRY: Are you going to ask him to interpret the contract?

MR. ROWELL: No, I asked him if it was sub-let and he says, yes. Now I ask him who it was sub-let to.

MR. MCGARRY: That was all taken up four years ago and fully investigated here. Why waste time over what we have done before?

MR. ROWELL: To whom was it sub-let?

MR. GABY: To my knowledge the erection of the transmission line was sub-let to the Ontario Construction Company.

Q.—That is Mr. de Muralt's Company?

A.—He was one of the members of the company.

Q.—He was the man who ran it?

A.—He was the man with whom we had to deal, yes.

Q.—How about the others?

A.—The Canadian Bridge Company were sub-contractors for the steel. The Northern Aluminum Company were sub-contractors for the aluminum.

Q.—Were these contractors names submitted to the Commission or to the engineers for approval?

A.—To my knowledge they were, yes.

Q.—Is there any formal minute approving of these sub-contractors?

A.—That I cannot say.

Q.—But they were approved by the engineers and you believe by the Commission?

A.—Yes.

Q.—Then I notice in the contract, subsection (j) of section 2, Mr. McGuigan was called upon to deposit certain options and agreements so that the Commission might take advantage of them under certain conditions?

A.—That I am not familiar with.

Q.—When the sub-contracts were submitted to the Commission or the engineers for approval were the actual sub-contracts submitted?

A.—I could not say. They would be submitted to the Chief Engineer.

Q.—Have you on file in the Commission copies of the sub-contracts?

A.—That is more than I can tell you. I do not know. We may have them and we may not.

Q.—You cannot say; well, then, the line as estimated, I think we were told the other day was 293 miles?

A.—293 miles is what is called for in certain parts of the specifications.

Q.—The line as completed amounted to how many miles?

A.—276 miles, approximately

Q.—And it was in respect of the difference, the sixteen miles, that you claimed the right to deduct under sub-section G of section 2 of the contract?

A.—Not altogether, sir.

MR. MCGARRY: Are you not close to a legal interpretation now?

MR. ROWELL: I am asking a question of fact.

MR. MCGARRY: You are trying to get on record something you should not ask the engineer at all. It is a legal matter.

MR. ROWELL: It is not a legal matter; what the Commission claims to be entitled to.

MR. MCGARRY: Yes it is, you are asking him to interpret what has taken place.

MR. ROWELL: No, I am asking him what the Commission claimed.

MR. MCGARRY: How does he know. He has nothing at all to do with the question of what the Commission claimed. We have the engineer here to give you expert testimony as to what took place and not as to what the Commission thought should or should not take place. That is going too far altogether. I object to the question being put in that form.

MR. ROWELL: I ask the witness if he will tell us what the Commission claimed to be entitled to deduct in respect of the shortage of the line, the sixteen miles shortage in the line.

MR. CHAIRMAN: You are asking what the Commission claimed. He says he cannot speak for the Commission.

MR. ROWELL: He has not said so yet.

MR. GABY: Well, I may say I do not know what the Commission did claim. I know what the actual length of the line was; what was called for in certain parts of the specifications and what the line measured according to the plan.

MR. MCGARRY: That is all right and that is all he should be asked.

MR. ROWELL: Did you ever have a conference with Mr. McGuigan over a question of settlement of the matters in dispute?

A.—We have had a large number of conferences with Mr. McGuigan over a settlement.

Q.—And were you present at these conferences as representing the Commission?

A.—I have been present at some of the conferences; I don't know whether I was at them all; I don't believe I was.

Q.—Tell us when the contract was completed, approximately.

A.—That is a very difficult question. The contractor maintained that he had completed the line on December 17th, 1910. There were certain parts of the line that were not completed at that time but were completed by the Commission later on, and in fact the contractor himself did work after that date on the transmission lines.

Q.—When did these conferences commence with reference to settlement?

A.—That is very difficult to answer.

Q.—Give me any date.

A.—The conferences, in fact, from time to time were held in regard to the settlement of certain claims during the contract; and after it was commenced there was no definite period in which you could say there was no conference in connection with it.

Q.—Then I will give you a definite period. Take the year 1911, did you have conferences with Mr. McGuigan during that year with reference to the settlement of his claim?

A.—Yes, sir.

Q.—Can you tell me who were present at any of these conferences?

A.—Mr. Pope would be present at some of them. Mr. McLeod, their representative.

Q.—Mr. Pope and you would be there as officers and officials of the Commission?

A.—Yes. And Mr. Sothman as Chief Engineer. And representatives of the sub-contractors.

Q.—Who would those be?

A.—Mr. Muralt, Mr. Goodall.

Q.—And who else?

A.—And in some cases their solicitors.

Q.—Who were their solicitors?

A.—Mr. Ballantyne.

Q.—Is that of the Ritchie firm?

A.—Yes.

Q.—Then representing the sub-contractors, Mr. Muralt and Mr. ——— who was the other?

A.—Mr. Goodall.

Q.—And Mr. Ballantyne?

A.—Yes and a number of others. Other engineers.

Q.—Who was representing the contractor, Mr. McGuigan?

A.—Well, I usually had conferences with the engineers. Mr. McLeod usually represented Mr. McGuigan at these conferences.

Q.—And was Mr. McGuigan himself present at a number of these conferences?

A.—No.

Q.—Did those conferences continue during the year 1911?

A.—They continued up until the time of settlement.

Q.—What claim did you have before you at these conferences?

A.—In the spring of 1911 we had a claim of Mr. McGuigan for extras, and also a claim of the Commission for work done on account of the contract.

Q.—Have you got those claims?

A.—I believe they are an exhibit here.

Q.—This is set out in Mr. Staunton's report. This is written in March, 1912. I want the claim you had before you in 1911.

A.—Well, then, we have not this claim. The only claims we had would be force accounts claims in connection with delays and extra work on the transmission line.

MR. CHAIRMAN: Questions like that would arise from time to time?

A.—Yes, from time to time.

MR. ROWELL: If Mr. Pope will pardon me—do not interrupt the witness.

MR. MCGARRY: He has the right to advise if he wants to.

MR. ROWELL: Do you mean to tell me, Mr. Gaby, that Mr. McGuigan was not at these conferences presenting his claims for a large amount of money?

A.—Well, until this claim which is before us, March 13th, 1912, was submitted to the Commission we had really no definite claim that I know of before the engineers.

Q.—He did not formulate it in figures?

A.—He did not formulate it in figures. In fact we had nothing. We were urging him for a definite statement.

Q.—What was taking place at these conferences you had during the year, what were you arguing about?

A.—Merely disputes on claims for force account and also in connection with a certificate which we had submitted to him in connection with the weights of standard towers. Practically engineering details of construction.

Q.—Was he claiming at this time for loss for delay?

A.—He had no definite claim as to it.

Q.—Not as to amount, but was he claiming for delay at this time?

A.—In force accounts, yes.

Q.—Was he claiming loss for delay in connection with the sub-contractors' claims at this time?

A.—Yes, he had claims in for force accounts which he submitted from time to time. In fact we required that he submit these extras monthly.

Q.—But dealing with these conferences in 1911; keep to that?

A.—Well, I cannot say; the conferences were held so frequently and the claims were dealt with; whether it was a matter of contract or extras at present I cannot say.

Q.—What position did Mr. McGuigan take at these conferences with reference to his claim?

A.—The position that he was entitled to them.

Q.—What did he say would happen if he did not get a settlement?

A.—That I don't know. I do not know what he said would happen.

Q.—Did he say anything would happen?

A.—Not that I know of.

Q.—You have no recollection?

A.—Excepting that he might ask for arbitration.

Q.—Will you swear that is all he said at these conferences, Mr. Gaby?

A.—I would not swear that is all he said.

Q.—Will you swear that that is all he said about what he would do?

A.—That I cannot say. I don't know at the present, from memory. I cannot remember what he did say at those conferences.

Q.—I am not asking specifically, the words; I am asking generally what he said he would do if he did not get a settlement?

A.—That I cannot answer you.

Q.—You do not remember?

A.—No, I do not remember what he said.

Q.—Did he say he would show up something if he did not get a settlement?

A.—Not to my knowledge.

Q.—Did he say he would expose something if he did not get a settlement?

A.—Not to my knowledge.

Q.—That was never said in any of these conferences?

A.—Not to my knowledge.

Q.—You would hear what was said, would you not, Mr. Gaby?

A.—I would, but I do not remember hearing him say he would expose anything. Not in my presence. He has from time to time said he would take proceedings against the Commission, but as far as exposing anything, I had no knowledge of that at all.

Q.—Or showing up anything?

A.—No.

MR. JOHNSON (West Hastings): I understand you were resisting unjust claims he was making.

A.—That is all, sir, resisting unjust claims he said he was entitled to. There were no arguments in connection with the contract; there were merely technical details we were going over and claims he was submitting from time to time in connection with force accounts.

Q.—Did you ever hear that he had said he would show up something? (Protests from members of the Committee.)

MR. MCGARRY: Why don't you bring Sothman over, the man who is loading you up, and call him?

MR. ROWELL: I have nothing to do with Sothman.

MR. MCGARRY: He is the man who is loading you up.

MR. ROWELL: The statement is not true.

MR. MCGARRY: The statement is true.

MR. ROWELL: It is not true.

MR. MCGARRY: It is true.

MR. ROWELL: The statement is false.

MR. CHAIRMAN: Order, gentlemen.

MR. ROWELL: I ask you, Mr. Chairman, if the honourable member is not bound to take back his statement?

MR. JOHNSON: As a member of this Committee, I would like to ask Mr. Rowell a question. We have been here two days now. I would like to ask him what he is seeking to establish?

MR. ROWELL: I am wanting to find out the facts about this account, as I am entitled to do. That is all.

MR. JOHNSON: What do you allege?

MR. ROWELL: I am not alleging anything.

MR. JOHNSON: If you are not alleging anything and you have no goal to reach, I do not understand the object of these questions. You must have something in your mind.

MR. ROWELL: I am investigating this account.

MR. CHAIRMAN: Order, gentlemen; let us conduct this in a proper way. It is surely not proper to ask the witness if he ever heard anybody say that Mr. McGuigan said something.

MR. ROWELL: I ask you if the honourable gentleman from South Renfrew is not bound to take my statement?

MR. CHAIRMAN: I do not think we should take the position of enforcing the same rules as in the House.

MR. ROWELL: I think you are enforcing the same rules as in the House.

MR. MCGARRY: Out of deference to my honourable friend, who is so touchy and has been so touchy lately, I will say this much; that the information he has there comes from Mr. Sothman, and I won't take that back.

MR. ROWELL: The information I have does not come from Mr. Sothman.

MR. MCGARRY: I am telling you it does.

MR. ROWELL: I say it does not, and my honourable friend has no right

to say it does. It is not true and I ask you, Mr. Chairman, if he is not under obligation to withdraw the statement?

MR. MCGARRY: I won't withdraw that statement.

MR. ROWELL: He is following the lead of his master in the House in matters of this kind.

MR. MCGARRY: He has no master in the House, I will tell you that.

MR. ROWELL: I ask for a ruling, Mr. Chairman.

MR. CHAIRMAN: Mr. McGarry says this information emanates from Mr. Sothman. He does not say you got it from Mr. Sothman. We know perfectly well that Sothman dare not come over here to see you, so that you could not have got it from him.

MR. ROWELL: I know nothing about what Mr. Sothman can or cannot do. I hope he will be brought here to give evidence before this Committee in connection with the matter.

MR. CHAIRMAN: It would be a difficult proposition to get him here.

MR. ROWELL: Or that the Committee should take proceedings to get his evidence.

A MEMBER: If we cannot get on with the business of the Committee, I move that the Committee adjourn.

MR. ROWELL: Now, taking the items covered in this statement, Mr. Gaby, did you agree with the official certificate given by Mr. Sothman?

A.—That was our interpretation of the contract at that time.

Q.—And you thought that covered all that was due Mr. McGuigan?

A.—Taking into consideration the claims we had against Mr. McGuigan, yes, and taking into consideration the terms of the contract.

Q.—Tell me what claims you had against him?

A.—We had claims for work that the Commission had done in perfecting the work of some of the sub-contractors, such as bolt tightening on transmission towers. In fact the majority of that claim was composed of bolt tightening.

Q.—What was the total of your cross claim that you had against him?

A.—We claimed that the line was shorter, a matter of some \$68,395.

Q.—\$68,395 was deducted because the line was shorter?

A.—Because the line was 276 miles long and the tender and specifications call for 293 miles. We deducted \$68,395 for that difference in the specifications.

Q.—What other items?

A.—One is for the supply of damaged and missing members.

Q.—I mean large items.

A.—The next item is estimated crop damage claims, which we probably would have to take care of and pay the different property owners for damage done by the contractor.

Q.—What was the total amount of these claims?

A.—For those items, \$11,365.

Q.—I mean all the items which you claimed you should be entitled to deduct?

A.—It amounts to \$87,318.31.

Q.—Which consisted of the \$68,000 you have mentioned and certain other items that you had to pay out?

A.—Work done on the line, tightening bolts and so on.

Q.—Work done on the line by the Commission?

A.—By the Commission, yes.

Q.—And paid for by it?

A.—Paid for by the Commission, yes.

MR. MCGARRY: That is Mr. Sothman's report. You are referring to it as if it were Mr. Gaby's report.

MR. ROWELL: Are you familiar with the figures contained in this?

A.—Yes, I have seen the figures.

Q.—And you believe those figures to be correct from the standpoint of the engineers at the time that report was made?

A.—Yes.

Q.—Then take this claim of Mr. McGuigan. Was any report made by the engineers on the settlement of this claim, that is the settlement of the \$86,000?

A.—By the engineers, no sir.

Q.—Did they report on any of the items covered by the settlement?

A.—We could not, for we did not know what they were.

Q.—Were you consulted with reference to the settlement?

A.—Yes.

Q.—By whom?

A.—Not with reference to the settlement. I gave evidence before the arbitrators—no, I did not there, I gave evidence before Mr. Staunton and placed our case before him.

Q.—That is Mr. Staunton, your own counsel?

A.—Mr. Staunton who was acting at that time in the settlement.

Q.—Who was he acting for?

A.—The Commission.

Q.—And you explained your position?

A.—I explained the case of the Commission in reference to any claims made by the contractor.

Q.—You laid your position before Mr. Staunton the same as embodied in the certificate given on November 2nd, 1911?

A.—We placed all the engineering facts before Mr. Staunton. The claim of the contractor was, that, although there were 293 miles called for in

the specifications in one place there were 284, and something called for in another place, and the actual line scaled from the plans was probably 286 miles. This information was given to Mr. Staunton and all the facts of the case given him, the length of the line and the actual deduction from what accrued, made because he did not go to certain points in the municipalities or station locations; that information was given to Mr. Staunton and he acted upon it on his own responsibility.

Q.—Then at that time were you of the opinion that any of these items claimed by Mr. McGuigan should be allowed?

A.—Yes, some, not all. Parts of the items may have been allowable.

Q.—Tell me which ones in your judgment should have been allowed at that time.

A.—We did not allow anything on account of No. 1.

Q.—That is the item of \$89,230?

A.—And the second item, we protested against that amount. We protested against the third item. We protested against a change in the alignment of right-of-way. That we didn't know anything about. In fact we protested that item.

Q.—The fourth item, \$7,000?

A.—Certain amounts in this item of \$31,000, we had previously allowed Mr. McGuigan some amounts on force account. Of course part of that item would be allowable.

Q.—Had the amounts you had already allowed him on force account been included in the certificates?

A.—They had not altogether because some of these certificates were paid later, after this claim was put in.

Q.—Are they embodied in the \$86,000 settlement, or covered by the certificates given later?

A.—That I cannot say. No, they are covered by specific certificates given later.

Q.—So there is nothing in this item which you thought should be allowed which would go into the \$86,000?

MR. MCGARRY: He did not say that.

MR. ROWELL: I am putting that as a question.

A.—I do not know.

Q.—Is there anything in that item then of \$31,000 which you at that time thought should go into the \$86,000 settlement having regard to the fact that specific certificates were given on force account?

MR. CHAIRMAN: You are asking what his instructions were to his counsel?

MR. ROWELL: No, I am asking as engineer for the Commission what his opinion was as to this claim?

A.—That I cannot say, because I did not know the total amount. I did not know how the remainder of this item was made up.

Q.—But you know subsequently certificates were given for a certain amount on force account?

A.—Yes.

Q.—Quite apart from the \$86,000?

A.—Quite apart from the \$86,000, yes.

Q.—Then take the item of \$54,000?

A.—The same thing applies there.

MR. MCGARRY: At this time was Mr. Sothman in consultation with counsel?

A.—He was sometimes.

MR. ROWELL: Did you protest that item, too?

A.—We protested all items.

Q.—And at that time did you think anything should be allowed on that \$54,000 item?

A.—Amounts of money which we had agreed upon and which were due him.

Q.—Are those covered?

A.—They are covered by subsequent certificates.

Q.—And are not in the \$86,000?

A.—Not in the \$86,000 to my knowledge.

Q.—Then take the extra bond?

A.—That I know nothing about.

Q.—That is item 7. Then item 8?

A.—That I know nothing about.

Q.—Item 9. \$17,240?

A.—That was paid on certificates of the engineers.

Q.—And formed no part of the \$86,000?

A.—To my knowledge, no.

Q.—Then item 10, \$27,810?

A.—I don't know how that item is made up.

Q.—Did you at that time think anything should be allowed in respect of it?

A.—We disputed the claim of \$27,800. We did not know how it was made up and we could not say whether anything should be allowed or not.

Q.—Item 11, \$9,330?

A.—Part of that item was paid on certificates. On previous and subsequent certificates.

Q.—And formed no part of the \$86,000?

MR. MCGARRY: He does not know what the \$86,000 was made up of.

MR. ROWELL: If it was paid on certificates it was not, because we have the certificates in.

MR. MCGARRY: He did not say it was paid on certificates. He says certificates were issued for it, that is all.

MR. ROWELL: Then take the next item, \$24,000. Item 12, what about that?

A.—I know nothing about that item.

Q.—Did you recognize as engineer any right to claim that, or did you protest that?

THE CHAIRMAN: They protest everything as I understand, and then it became a matter of law between the counsel as to what should be allowed.

MR. ROWELL: Then item 13?

A.—We protested that also.

Q.—Did you recognize any obligation on that yourself, did you think anything should be allowed on that?

A.—That is a matter of argument. We protested it and said we did not think anything should be allowed.

Q.—Then total value of relay line contract?

A.—That is the total value as they estimated it.

Q.—Was that covered by certificates?

A.—A certain amount was covered by certificates, previous and subsequent.

Q.—All that you, as engineers, thought should be allowed?

A.—All that we thought should be allowed.

Q.—That covers the total of the items claimed. In fact so strongly were you and the others of the opinion that there was no claim that the Commission resisted even the appointment of arbitrators on the ground that there was no claim for the arbitrators to pass upon?

A.—Well, I don't know about that.

COL. HENDRIE: That is a matter of law entirely.

MR. ROWELL: I see this letter of Mr. Staunton's states that the Commission resisted the appointment of arbitrators.

MR. MCGARRY: What has the engineer to do with that?

MR. ROWELL: Apparently he was the party negotiating.

MR. MCGARRY: No, he was never negotiating. He has not sworn that at all. He said he was in conference as engineer. Don't put the word negotiating into the notes.

MR. ROWELL: Well, perhaps we will find out from some one else.

MR. MCGARRY: You cannot find out from the engineer. Do not bring him into litigation or negotiations.

MR. CHAIRMAN: Bring Sothman over here and you will get it all.

MR. ROWELL: I am going to ask you to subpoena him or summon him if you can get him to come. I should hope all the men concerned in this would be brought here to give their testimony.

MR. CHAIRMAN: We will get anyone you want that we can and give you every opportunity to investigate the whole thing.

MR. ROWELL: Then when can we get these figures?

MR. CHAIRMAN: We will arrange to have another meeting, but I want to get on as far as we can to-day because Mr. Gaby has to go away to-morrow night. He has to be cross-examined, I suppose. Mr. McGarry wants an opportunity to cross-examine. Are you nearly through?

MR. ROWELL: I want to get those figures before I go any further.

MR. GABY: My time is very fully taken up. I do not know whether I can get them ready or not.

MR. CHAIRMAN: Mr. Gaby has a larger mission on hand than staying here to assist in this fishing expedition. We want to give you every opportunity to delve into this thing as fully as you can, but impossibilities cannot be done.

MR. ROWELL: We tried to get this meeting called some time before it was and it is not our fault that the meeting has been delayed? Mr. Gaby has not said he cannot figure this out by to-morrow morning.

MR. MCGARRY: He says part of his figuring will be on guess work; if he figures out one set of those that ought to be enough.

MR. ROWELL: Mr. Gaby has told us that if he figures the quantities in one case the same quantities will apply to all the others and we can figure the others ourselves. If you will give us the figures of the Merrill-Ruckgaber-Fraser and the others that go to make up that sum?

MR. GABY: All right. I will do that.

MR. ROWELL: And also the wire and towers—the three items referred to in the letter.

(The Committee then adjourned.)

PUBLIC ACCOUNTS COMMITTEE.

27th March, 1913.

The Committee met at 10.30 a.m.

MR. CHAIRMAN: The delay this morning I understand is due to the fact that Mr. Gaby had some work to do. The effect of the storm was to interfere with the service and it had to be looked after this morning.

MR. ROWELL (resuming his examination of Mr. Gaby): You were going to prepare some figures for us, Mr. Gaby.

A.—Yes, sir.

Q.—Did you work out the figures we asked for yesterday?

A.—I did not get them completed, but I have the information here so that I can go over it and work it out for you now. I have got some of them, but not all, finished.

Q.—Take the Merrill-Ruekgaber-Fraser which is in the report of July 22nd, 1908, as amounting to \$448,868?

A.—In the tender of the F. H. McGuigan Construction Company they estimated 1,014,209 pounds of aluminum. Also 2,110,000 pounds of copper cable. There were 161 towers including specials. The total weight of the towers for copper cable was 6,554 tons. And in the contract it was stated that proportional difference would be made for weight if aluminum were used, 7,200 tons.

Q.—The copper was not used?

A.—Copper was not used.

Q.—So that we need not trouble about those.

A.—We figured on the aluminum, on the 3,161 for footings, and the 6,554—

Q.—However, that is not what I asked yesterday. I asked you to take the specifications and give the figures on which you worked out your comparisons.

A.—These are the figures. Also in the specifications, we interpreted the specifications in this way, and we used those figures in this way in making the comparisons of the combined tenders.

Q.—Do those figures agree with your own figures?

A.—They are recited in the specifications, and the number of towers and weights agree with our specifications.

Q.—I want to see that there is no difference of opinion, that is, that we follow without misunderstanding.

A.—In fact we took those without making any further estimate, and you will see on page 16 of the combined tenders, estimated quantities of cable delivered on railroad sidings 642,000 pounds. That total is the same as the figure recited in specifications.

Q.—Then you agree with these figures as given in Mr. McGuigan's tenders as being the correct figures based on the specifications?

A.—They agree with the figures given in the specifications.

Q.—Then, just taking those figures tell me how you arrived at the \$448,868 for the Merrill-Ruekgaber-Fraser.

A.—There are 3,161 footings and at \$15 a footing—I was working them out on another tender but I can work them out on that. 3,161 footings, not including specials, at \$15, that gives us \$47,415.

Q.—What is the next item following the order here? That is the item 1, I take it, on page 81 of the report.

A.—The next item would be for the erection of standard double circuit steel towers complete, aligned and bolted to footings, *per* pound of steel, one cent *per* pound. There are recited in the specifications the number of towers. Between Stratford and London there are 385 towers.

Q.—Just give us the lump sum, I mean under item No. 2.

A.—Well, we could average those. It doesn't really make much difference. This is for single circuit towers. No. 2 is for double circuit towers and No. 3 for single circuit towers. Now we could average those two and it would be approximately 1.05 cents, or somewhere there and we could take the total tonnage of those.

Q.—Is there an equal number of the two?

A.—No, I was taking 1.05 instead of 1.5. The total is 3,161 towers and 385 towers are single circuit.

Q.—Perhaps you had better give us the figures of it then and we will follow the order as it is in the printed book, item No. 2, page 81.

A.—We will take 3,161 less 385, that is 2,776 standard towers. Then approximately 4,000 pounds, that is two tons apiece, average, that is 5,552 tons. We had better figure 385 at about 3,600 pounds apiece.

By the way, I searched again to see if I could find any figures or memoranda on this, but I couldn't find any and had to work them out again.

That is 6,101 tons for the two of them and about 800 tons in footings, that is 6,900. We are about 300 tons shy. It is about 7,200 or 7,240 tons.

Q.—Would you explain how you arrive at the tonnage?

MR. MCGARRY: Have you finished arriving at it?

A.—No, not yet.

MR. ROWELL: Just finish and then explain to us how you arrive at it. Take 4,200 pounds for the standard.

MR. CHAIRMAN: If this is going to take any length of time perhaps Mr. Gaby might figure this out for us somewhere else?

MR. ROWELL: I am not prepared to go on until I get these figures.

A.—The trouble is the balance between the two of them.

Q.—Give it as nearly as you can.

A.—All right. There is approximately 900 tons allowable for footings and it works out 550 tons for single circuit towers, and the remainder 5,790 tons for double circuit towers.

Q.—Before we pass from that for a minute, tell me how you arrive at the 900 tons for the footings.

A.—I take approximately the 3,000 footings at 600 pounds *per* footing.

Q.—How do you arrive at the 550 tons for single circuit towers?

A.—I estimate 3,600 pounds for the 385 towers in the single circuit.

Q.—Is that the figure mentioned in the specifications?

A.—No figure mentioned at all for the weight of the single circuit towers. That is approximately what it is.

Q.—How do you arrive at the double circuit?

A.—I take the remainder of the 7,240 tons which we used, mentioned in the tender as allowed for aluminum cables. I just subtracted the one from the other.

Q.—Then taking the figures you have now got, what does item 2 amount to in the Merrill-Ruckgaber-Fraser tender as printed in page 81?

A.—Item 2 would be 5,790 tons at one cent. Short tons. It amounts to \$115,800.

Q.—What does item 3 amount to?

A.—Single circuit is taken at 550 tons. That is \$11,000.

Q.—What would item 4 amount to? I see it is put there 33.

A.—That is an error, it should be 3. That is \$12,100 at 1.1.

Q.—Then take item 4-a. Perhaps to avoid any confusion, all these items go to make up the lump sum?

A.—All of those items are used in the lump sum, plus special footings.

Q.—I mean in the Merrill-Ruckgaber-Fraser tender?

A.—Yes.

Q.—Are all those items included in the amount which you worked out?

A.—The work covered by those items is included in the amounts in the lump sum tender.

Q.—And all those items should be included in this amount, \$448,868?

A.—Yes, all those items would be included in that amount, estimated for the erection of towers and the aluminum cables.

Q.—Then 4-a.

A.—That is double circuit cables. There is estimated about 540 miles of double circuit lines. At \$65. \$35,100.

Q.—The next is "B," 609 miles of single circuit towers at \$65.

A.—That is \$39,585.

Q.—5-a.

A.—That is the erection of copper cable. You don't need that.

Q.—5-a comes out. That is copper cable and does not apply.

A.—That is the same thing.

Q.—Copper cable and does not apply. 6.

A.—774 miles of double circuit at \$106, \$82,044.

Q.—Seven.

A.—35 miles of single circuit at \$106, \$3,710.

Q.—"Spec." What is that?

A.—Special structures.

Q.—What are they?

A.—We did not know. There are special crossings mentioned in the specifications here.

Q.—What did you estimate them at in arriving at this amount?

A.—There are four 90 foot towers, two 130 foot towers and 15 other towers. We would estimate that there is 60 tons for the 130-foot towers. That is 120,000 pounds. The four 90 foot towers are about 40 tons; that is 80,000 pounds. And 15 other towers you could take that probably at 5 tons apiece, 75 tons, 150,000 pounds. That will be 350,000 pounds at 1½ cents, \$5,250. That includes crossings. That is just an estimate.

Q.—Then the telephone.

A.—We have 54 miles of double circuits; 60 miles was of double circuits. That is telephone A at \$400, \$24,000.

Q.—Telephone B.

A.—263 miles of single circuit at \$390. That is \$102,570.

Q.—That covers the items in the Merrill-Ruckgaber-Fraser tender as set out on page 81, which go to make up the amount of their tender.

A.—That covers the items, without allowing for any contingencies or any special work which is called for in the specifications, and which the

engineer and contractor have to determine unit prices for after the letting of the contract.

Q.—Then give us the total of these items as you have figured them and then we will come to the balance.

A.—\$467,574.

Q.—How did you arrive at the amount mentioned in the report to the Commission where this same estimate was put at \$448,868?

A.—I cannot tell you, sir. I don't remember the data. I have no memoranda upon which to work. I am reproducing an estimate at the present time.

Q.—You cannot explain where the difference comes in in the estimate as mentioned in the report of July 22nd, 1908, and the figures you have now given us?

MR. CHAIRMAN: He told us yesterday he could not figure that out exactly, but he could figure it out approximately.

A.—There may be some difference in the items of tonnage of steel here which have been used. I cannot say at present where the difference would lie.

Q.—And the best you can do now is to estimate that approximately you had the full figures at the time this item was arrived at?

MR. MCGARRY: That was approximate, too. He has sworn to that.

WITNESS: It is approximate. It is an estimate based on the information we had in the specifications. I cannot say that these are the figures of the memoranda which I submitted to the chief engineer at that time. I do not know, because I have not the memoranda or any date before me to show whether these are the figures which I submitted to him or not.

MR. CHAIRMAN: There might be trifling differences here and there, that is what you mean?

MR. MCGARRY: Both are approximate.

MR. ROWELL: Would Mr. Sothman know whether those are the figures you submitted to him or not?

A.—If he has the memoranda. I cannot say.

Q.—He would know whether those were the figures he had at the time?

A.—I cannot say that.

MR. CHAIRMAN: If he took away the memorandum with a lot of the other stuff, he would be able to tell us.

MR. ROWELL: If that is where it is gone we may be able to get it, if he will come and give evidence.

MR. JOHNSON: No fear of him coming here.

MR. ROWELL: With the data you have that is as near as you can approximate to the amount mentioned in the report?

A.—Yes, with the data I have, according to the specifications, this is as near as I can come, a rough estimate as I have made it this morning.

Q.—Now then you said you had figured out some of the others. What other ones did you figure out?

A.—I figured them all. At least we made comparisons on all those figures at that time.

Q.—But now?

MR. MCGARRY: Oh, don't ask him to figure out any more.

A.—I had started to figure out the comparison of the Muralt tender on the same basis as this. I had made certain figures but I had not completed them.

MR. ROWELL: Give me the figures you made on the Muralt, on the same basis as you have given this other one.

A.—We simply take the same items and go through and multiply them out.

MR. CHAIRMAN: Have you figured them out, Mr. Gaby?

A.—I could take the same figures.

MR. MCGARRY: You would have to multiply and so on. It would take some time to do it.

MR. ROWELL: The witness has told us that he has figured out part of this tender. Tell us what you have figured out.

MR. CHAIRMAN: What I was coming at was, Has he completed the extensions or merely has he the data to go on?

MR. ROWELL: Just in the same way that he has figured the other he can give us the figures on the Muralt.

MR. MCGARRY: The Muralt tender was not reported on at that time. It was withdrawn. We have no reason to go into that tender here.

MR. ROWELL: Mr. Gaby has told us he has been figuring on it. Just let us see how it compares.

MR. MCGARRY: It is not germane to this investigation at all because the tender was withdrawn, it was not reported on by Mr. Sothman.

MR. CHAIRMAN: There was not any Muralt tender at all considered.

MR. MCGARRY: No, it was withdrawn. It could not be acted on and there is no reason why it should be figured out. It was not figured out then. As I understand you are trying to get the basis on which this report was made. Now there was no report on the Muralt tender at all, therefore I do not think it should be gone into. It is taking up time.

MR. CHAIRMAN: There is a letter amongst the exhibits from Muralt withdrawing his tender entirely.

MR. ROWELL: But I understood the witness to say it had been figured on, all these tenders originally and the Muralt among them, is that correct?

A.—Yes.

MR. MCGARRY: It is not in this report.

MR. ROWELL: It was figured on. Then the Muralt tender is published in the report of the Commission of 1910 and appears here on page 81. Now as it has been published, printed in the report, I submit if Mr. Gaby has estimated it we should have the figures on it.

MR. MCGARRY: I say it is just taking up the time of the Committee because it was not reported on by Mr. Sothman and Mr. Gaby was only assistant at that time.

MR. CHAIRMAN: I do not see that there is any objection to going into it, if there is any object.

MR. ROWELL: I understand the witness can give us the figures in a few moments.

MR. CHAIRMAN: I have no objection.

MR. ROWELL: Will you give us the figures then of the Muralt on the same basis as of the Merrill?

A.—Footings, \$25,288.

Q.—That is No. 1?

A.—Yes.

Q.—Then No. 2?

A.—No. 2, I had not completed the estimate on that.

Q.—We will come back to that. No. 3?

A.—Cable. That would be No. 4.

Q.—4-a.

A.—Yes, and also 4-b. \$33,390 for the two of them. Ground cable.

Q.—Give us them according to the numbers so that we can compare them.

A.—That is No. 6; ground cable; I have got \$17,617. That may not be accurate; I have not checked that; I would have to check that over.

Q.—You can check it if you think it is not correct.

A.—774 miles at \$22. It is approximately accurate, \$17,617. And the telephone lines, \$89,100.

MR. MCGARRY. What are these two items?

A.—Those are already given in the report. They belong to the supply of cable which the Commission have to make.

MR. ROWELL: Let us go back over this until I see if I have followed it. Item No. 1 you gave as \$25,288.

A.—Yes.

Q.—And item No. 2?

A.—2 and 3 I have not figured on.

Q.—Will you just take that out with the figures you used in the other?

A.—\$25,288, that is No. 1. No. 2, 5,790 tons at 1.2 cents, that gives us \$138,960. And 550 tons at 1.3 cents, \$14,300. That is for item 3.

Q.—Then 4-a.

A.—4-a and 4-b, together \$33,390.

Q.—Six?

A.—\$17,617.

Q.—And 7.

A.—6 and 7 are \$17,617. They go together. Telephone line——

Q.—5-a and 5-b do not come in. You say they are copper.

A.—Yes, they are copper.

Q.—Then 6, special.

A.—Special footing, 350,000 pounds at 1.2, that is \$4,200. Telephone A and B, \$89,100.

Q.—What do you make the total there?

A.—\$322,855.

Q.—Approximately \$145,000 less than the Merrill-Ruckgaber?

A.—On our estimates here the difference is shown to be that, yes.

Q.—Using the same basis of calculation for the two. And of course the McLennan and Keyes would be very much lower than either of these? We will not trouble to go into details, we can figure them out from the figures we have already.

A.—I would not say very much lower because one of the large items there is cable and you have 51 instead of 22. So that item is $2\frac{1}{2}$ times the cost for erection of cable.

Q.—But we can't figure the McLennan & Keyes from the data you have given us.

A.—From the data furnished you can finish the comparison, yes.

Q.—We can finish the comparison so as to get a comparison of the four tenders. Now then I see in this report of the 22nd July, 1908, the amount of the unit tenders using the Merrill-Ruckgaber-Fraser, and Aluminum Corporation, Limited, for the cable, telephone wire, and adding \$40,000 for contingencies, and the Iron & Steel Company for towers gives you \$1,262,954.

A.—Those two figures added together, yes.

Q.—Now, in what respect do those unit tenders added together in that form differ from the lump sum tender of Mr. McGuigan?

MR. MCGARRY: That is shown right in that document you have there, the report.

A.—In the lump sum tender it assumes the responsibilities for all contingencies, special footings, not included in this item here, in the erection items there special footings, and also takes care of the organization complete instead of having the trouble of looking after unit tenders.

MR. ROWELL: It covers what at that time you covered by the \$40,000 here?

A.—No, sir, it does not. That \$40,000 is merely to cover certain extras which the engineering department may have submitted. I do not know what that figure is. As a matter of fact it probably would be three or four times that, including all special footings and extras.

Q.—Now have you given us all the information you are able to give us with reference to these items, Mr. Gaby?

A.—I have given you all the information that I have in connection with these specifications and the items upon which we apparently figured at that time.

Q.—And you have no other data in the office which will enable you to throw any other light on the matter?

A.—I know of no other. We have hunted for it and we can find no other.

Q.—Now there was another item, Mr. Chairman, upon which I was to ask Mr. Gaby. It does not relate to the item under consideration and I would not have thought of asking it except that as you say Mr. Gaby is going and if he can give us information on it I would like to have it. At page 550 of the Public Accounts, the item under miscellaneous expenditures, that is the Provincial expenditures for the fiscal year 1911 and 1912. What is this that you now produce, Mr. Gaby?

A.—This is the report which was handed to me by the Chief Clerk. He stated that it was obtained in the files. It is a report of Mr. Sothman to the Commission, with the difference that \$50,000 contingencies has been added instead of \$40,000 as shown in the report given in the exhibit. (Exhibit 24.)

Q.—And by adding that \$10,000 it makes the unit tenders, which figured up to \$1,262,954, some \$2,954 more than the tender of the McGuigan Company which was accepted. That is correct is it?

A.—Well, I could not say that, sir. This report and estimate as shown there do not take into consideration all the costs which were included under the McGuigan Contract.

Q.—I am only speaking of what you show in this report.

A.—The figure as shown in this report, as of the date 22nd July, is \$2,954 higher than the figure given in the lump sum tender of Mr. F. H. McGuigan.

Q.—Can you tell me why these two reports apparently are prepared, the original one as produced by Mr. Pope the other day, dated July 22nd, and this one also bearing the same date apparently with a \$10,000 difference?

A.—I cannot, sir. That is a matter for the Chief Engineer.

Q.—Well, the one shows the unit tenders below the lump sum and the other by adding \$10,000 brings it about it.

MR. MCGARRY: If you get Mr. Sothman here, he will explain the difference between the two reports. Don't be throwing insinuations against this man.

MR. ROWELL: I am not insinuating anything. I am speaking of what is shown by the documents.

MR. MCGARRY: The documents are there and speak for themselves.

MR. ROWELL: Now turning to page 550 of the Public Accounts the item totalling \$170,684.52 being a series of items under the heading "Provincial expenditures fiscal year 1911-12." Can you tell me, taking the first item, "Engineering assistance to municipalities, including travelling expenses, \$57,618.69." What does that relate to?

A.—That covers the engineer's time and expenses in preparing estimates for municipalities not already connected to our Niagara system. We receive applications under resolutions from the councils requesting estimates. The Commission instructs the Engineering Department to send engineers and to prepare estimates for these different municipalities.

Q.—Can you tell me the municipalities that are covered by this item in the years 1911-12?

MR. MCGARRY: Mr. Pope will get that for you. We had not notice of this.

MR. ROWELL: It is only because Mr. Gaby is going away.

COL. HENDRIE: It is all in the report of 1912.

WITNESS: I can go over it here and give you this.

MR. ROWELL: You have not got the list here?

A.—In the third and fourth annual report is given a list of the municipalities and a report on the work done for them.

Q.—That is the report now in the printer's hands?

A.—Yes, the report in the printer's hands gives the work done for the municipalities when this expenditure was made. This is the fifth report.

Q.—Covering this item?

A.—Yes.

Q.—And when we get that report we will see the municipalities for which the work was done, covered by this item?

A.—Yes, sir.

Q.—Now that includes the investigation of the conditions and the reporting on the cost and presenting the reports to the municipalities, does it?

A.—It is reporting on the cost of delivering power to municipalities. That is the estimate of cost of construction, capital expenditure necessary. Investigation of different roads and routes and so on.

MR. JOHNSON: Does that include the investigation of water powers?

A.—No, this particular item does not include that.

Q.—I know we had a report at our town, for several days, on the water power.

A.—That comes in lower down.

MR. ROWELL: Do you keep on file the estimates made for each municipality?

A.—Yes.

Q.—And the secretary could turn up in the office the estimate for each municipality covered by this item?

A.—He could turn up the files with the estimates for each municipality.

Q.—Who made these estimates?

A.—We have a staff of approximately thirty or forty engineers who are engaged in making estimates and obtaining information on that section only.

Q.—Who has charge of that, the engineering staff?

A.—The Chief Engineer has charge of the engineering staff.

Q.—And would all these estimates be passed upon by the Chief Engineer?

A.—They would be all submitted to the Chief Engineer and passed on by him.

Q.—Then he becomes responsible, does he, for the estimates handed out in each case?

A.—He becomes responsible, yes, sir.

Q.—Did the Chief Engineer approve of all the estimates handed out during that year, 1911-12?

A.—I cannot tell you that, sir.

Q.—Did you ever prepare any figures or did you and the Chief Engineer go over the figures together, with reference to these municipalities?

A.—In some particular instances, yes. I don't know as I have gone over all the figures with him.

Q.—Was there ever a marked difference between you as to the cost?

A.—That I don't know. I don't remember any marked difference between us. If there was any marked difference between us it was always straightened out, at the time.

MR. CHAIRMAN: It would be a strange thing if they always agreed.

MR. ROWELL: It was always straightened out at the time and every report handed out then, at least so far as you know, indicates the result of your joint opinion.

A.—I cannot say that. Not every report. There are certain reports which I had to deal with and which would probably be our joint opinion, but I would submit the report to the Chief Engineer and he would approve of it or make such changes as he deemed necessary in it.

Q.—Do you know of any report handed out which he did not approve of?

A.—No, I cannot remember of any.

Q.—You do not know of any case?

A.—No, sir.

MR. MCGARRY: Perhaps you can suggest the one you have reference to.

MR. ROWELL: No, I want to find out. Going on then with these other items. Who would have charge of this in your absence, Mr. Gaby, in the office, who would be the engineer?

A.—In the Municipal Department?

Q.—Yes.

A.—Mr. Yates.

Q.—And could he give us any information in connection with these items?

A.—Yes, he could.

Q.—Then take the next, "Practical demonstrations of electric equipment on farms, also in exhibitions." Who had charge of that?

A.—All these works are under the charge of the Chief Engineer?

Q.—But who next to the Chief Engineer? You are going to be away and I want to know who in your absence would give the information.

A.—A great deal of the work was carried on under Mr. Yates' department; that is, several of his men had charge of the work.

Q.—And Mr. Yates would be the best qualified man in the office to give information on that?

A.—He could get information for you on that, yes.

Q.—Then take "Shop and development work, also testing equipment, instruments, etc." What does that refer to?

A.—That refers to improvements in apparatus, improvements in telephone systems, improvements in general of equipment in use by the Commission. That is we find that we cannot get on the market equipment that is satisfactory for the service on our transmission lines. We have had to design complete new telephone system requirements and design other equipments and it includes testing equipments which we use for laboratory purposes for the municipalities, a proportionate share of the testing equipment that is chargeable to the operation of the Niagara system is taken out of this and charged to the Niagara system. This only refers to such investigation as is of general benefit to the Province or to the municipalities in the Province and not to the Niagara system alone.

Q.—Then take "Hydraulic reports and investigations including expenses, \$17,678.14." What is that?

A.—That includes investigations of stream flow on all the rivers in the Province of Ontario and reports on same.

Q.—"Standardizing municipal stations, lines and equipment." What is that?

A.—Work done by engineers in connection with standardizing equipment which will be useful in general to the Province and the municipalities.

Q.—Why is that charged to the Province and not to the municipalities?

A.—Because the municipalities are not connected. Under the Act we have to prepare estimates for any municipality on resolution of the council which requests same. These designs are designs prepared for those estimates, so that we can give them the estimated cost of power as requested. Any designs of stations on the Niagara system are charged directly to the Niagara system, or capital account, but if a municipality enters into a contract with the Commission then all charges on design of station for that particular municipality are charged up to that work order. These are all made on work orders and each man has to distribute his own expenses from time to time on the different work. Sometimes his expenses cover as many as 100 or 200 different work orders.

Q.—"Department of Public Works." What is that item?

A.—That is work done on the instruction of the Department of Public Works, such as writing specifications for wiring of asylums, or obtaining tenders on equipment for use in the asylums and Ontario Agricultural College.

Q.—Why should not that be charged as part of the different plants of these asylums?

A.—We do not pay for the distribution system of the municipality and in the same way we do not pay for the wiring and installation of equipment in asylums.

Q.—Why should not that be charged to the asylum?

A.—It is charged to the asylum, only that is the total amount we have expended on account of this work, and the Public Works Department reimburse us for that.

Q.—They reimburse you?

A.—Yes.

Q.—But that does not appear.

MR. MCGARRY: He does not prepare this.

MR. ROWELL: We will find out about the reimbursement. What is the next item, "Rules and regulations,—wiring"?

A.—Under the Act of 1912 the Commission have to prepare rules and regulations for the installation of equipment in private premises and also in private plants and other places and this expenditure was made on account of that.

Q.—"Inspection overhead and underground," what is that?

A.—Under the Act upon request from a municipality or person, where two companies are operating in the same municipality and on the same streets, we are required to give our rulings as to whether the construction is satisfactory or not. This is taken up as an order of the Board.

Q.—Then the other is "Office furniture, stationery and stamps; stenographers, clerical and accounting, filing and Secretary's staff. Store house." What is that item of storehouse?

A.—There are certain items here which I may say are capital expenditure. Those are merely items, it may be, taken out of the auditor's book and not distributed under capital expenditure and under expenses chargeable to the different headings.

Q.—Then this statement here should be supplemented or explained by further information, should it, Mr. Gaby?

A.—Well, I will give it to you here so that you can have it. The engineering assistance to municipalities, including travelling expenses, \$50,458.53.

Q.—Instead of \$57,618.69 mentioned in the Public Accounts?

A.—Yes.

Q.—Hydrographic surveys, \$16,600. That is "hydraulic" reports and investigations.

Q.—Instead of \$17,678.14.

A.—Yes. The standardizing of municipal stations, \$3,910.

MR. MCGARRY: He is giving a statement here of the Hydro-Electric accounts.

MR. CHAIRMAN: This is all set out in the Fifth Report.

WITNESS: Yes, it is set out in the Fifth Report.

MR. ROWELL: I understand Mr. Gaby to state that the items of the Public Accounts are not correct.

MR. MCGARRY: He does not say anything of the kind, but that is what you are trying to get on the record.

WITNESS: The distribution is not correct. The total sum is.

MR. ROWELL: I am not questioning the total. We are dealing with the individual items. You say the distribution is not correct as given in the Public Accounts.

A.—I said that the items as given here include capital expenditures as well as expenditures on the different works. This statement I have here before me separates those out into the correct distribution under heads of capital expenditure and expenses and engineering services.

MR. CHAIRMAN: The Public Accounts, in other words, show your total expenditure and you make the distribution in your report?

A.—Yes, we make the distribution correctly. I wish to point out to the honourable gentleman that the \$21,057.24 and some other items include a large share of capital expenditure, which is at the present time an asset of the Commission or Province.

Q.—And which you show in this way in the Public Accounts but in your report you show how it is sub-divided and distributed?

A.—And in our own report we have a proper distribution of these accounts.

Q.—When you say this is not correct you do not mean that the statement of figures is incorrect?

A.—No, it is correct as far as the expenditures are concerned. It is a matter of distribution.

MR. MCGARRY: A matter of book-keeping.

MR. ROWELL: Take the first item you have corrected here, "Engineering assistance to municipalities, including travelling expenses." How much did you say that was?

A.—Correctly chargeable to the engineering assistance to municipalities, including travelling expenses it is \$50,458.53.

Q.—What is the other \$7,000.00 which is not appearing in the item on page 550?

A.—The other seven thousand is distributed. That is, in this you will find some general expenses and also some items which should go into some of these other items such as standardizing municipal stations, inspections, investigations, rules and regulations and practical demonstrations; that is they have been re-distributed correctly in accordance with the rules of our accounting department.

Q.—You cannot tell me where the other seven thousand dollars is?

A.—I could give you that information by getting all the different items and details of every one of these accounts, which would mean probably four or five hundred.

MR. MCGARRY: It is better to get that down rather than have any mistaken idea put on the record. There is no mistake in the public accounts at all. It is a question of book-keeping.

MR. ROWELL: We will have to see what it is.

THE CHAIRMAN: I suppose that is a matter for the accountants' department?

A.—It is a matter for the accounting department. They can readily give that information.

MR. ROWELL: You have gone over it yourself, have you to check it up?

A.—I have, yes, but I have not the statements here. I had a statement which shows the differences and how these are separated and distributed.

Q.—Just let us take these items that you were at. Take the engineering assistance to municipalities including travelling expenses, \$57,618.69. How much should that item be?

A.—\$50,458.53.

MR. MCGARRY: I submit that is not a fair way to put it on the record. It is not right at all and my learned friend knows it. He is endeavoring to correct the public accounts by this witness. In the first place he gave no notice that he was going to bring this matter up. We will bring the proper documents here and put them on the record, but he is not going to get this Committee to allow him to put on the record a statement from this witness which is misleading.

MR. ROWELL: I am taking the witness' own evidence. I will ask the questions and they can be ruled out if you wish. We will put the questions on record and you can do what you like about them.

Q.—Take the next, "Practical demonstrations of electrical equipment on farms; also in exhibitions." How much should that item be?

THE CHAIRMAN: The item is set out there as to what it is.

WITNESS: That as set out is composed of ———

MR. ROWELL: What do you say is the expenditure on that item?

MR. MCGARRY: Let him answer in his own way. You are not going to run this Committee. He can answer in whatever way he wishes.

WITNESS: The items set out there in demonstrations to farmers include the expenses of engineers, the time of the engineers and the time of the men in making these demonstrations, which amounts to \$8,653.05. The capital expenditure on the equipment for these exhibitions, which is on hand at the Commission premises at the present time is \$12,404.95.

MR. ROWELL: What is the first item?

A.—\$8,653.05. And the capital expenditure for equipment on hand is \$12,404.95.

Q.—That makes up the \$21,000?

THE CHAIRMAN: And they are all capable of the same kind of explanation?

A.—Yes, they are redistributed. The totals are the same.

MR. ROWELL: Take the next, the item of hydraulic reports and investigations, including expenses, \$17,678.14.

A.—Hydraulic reports and investigations, \$16,678.24. That included \$999.90 of capital expenditure on account of testing instruments which are at present in the hands of the Commission.

THE CHAIRMAN: That makes up the amount shown in the public accounts?

A.—Yes.

MR. ROWELL: Then, "standardizing municipal stations, lines and equipment"?

A.—That is \$3,910.86.

Q.—Now the item in the accounts is \$9,875. Where is the difference?

A.—The difference is included in some of these other headings under a redistribution of the different accounts correctly. That is some of the items.

MR. MCGARRY: A difference in book-keeping?

A.—Just a difference in book-keeping distribution.

MR. ROWELL: Can you tell me how much should be charged for standardizing municipal stations, under the heading of this item?

MR. MCGARRY: Should be charged where? Do you mean in the public accounts?

MR. ROWELL: I am saying, under the heading of this item.

MR. MCGARRY: Charged where? In what books? Are you speaking of the public accounts? This man has nothing to do with the system of book-keeping of the Provincial Treasurer.

MR. JOHNSON: The Provincial Treasurer charges all he has paid out.

MR. MCGARRY: You are just wasting time.

MR. ROWELL: We did our best to get a statement in detail in the House of all this and it was refused.

MR. MCGARRY: You are getting them all now but you are wasting time in trying to prove that the public accounts book-keeping is not proper and that you would correct it if you had your way. That is the only object of your cross-examination. You have wasted a half an hour on that. We have proof that the money is properly expended and that is all there is to it.

THE CHAIRMAN: My learned friend will save time by getting a detailed statement of this from the accountant's department.

MR. ROWELL: If the accountant's department will produce a detailed statement of this \$170,684.52, I will not go further with this witness on that point. The statement should be the same as it would appear in the public accounts expenditure of each department.

MR. CHAIRMAN: That is what was suggested to you, Mr. Rowell, that you should go to the public accounts and get this information.

MR. ROWELL: If we had it all in the public accounts it would be a very simple matter.

MR. MCGARRY: If you had that all in detail you would want several volumes of the public accounts.

MR. ROWELL: You told us, Mr. Gaby, that the sub-contracts were approved by the Commission. Did you make an inspection of the material which was supplied by the sub-contractors, or under whose direction would that be?

A.—That would be under the Chief Engineer's direction, the inspection of this material.

Q.—Who particularly in the office looked after the inspection?

A.—There were a number of engineers to take care of inspection. If you can give me any particular item of the work?

Q.—No, I do not know any.

MR. JOHNSON: The journals of four years ago show the whole detail of that. Where they inspected, who inspected and all about it.

MR. ROWELL: It appears in prior reports?

A.—Yes.

All right.

THE CHAIRMAN: Exhibit 24 is a letter of July 22nd, 1908, from Mr. Sothman to the Honourable Adam Beck. I do not think that was recorded.

MR. ROWELL: I think the final certificate and all the correspondence attached to it was put in.

THE CHAIRMAN: Yes, that went in in some form.

Cross-examined by Mr. McGarry:

Q.—Mr. Gaby, I understand in 1908 you were assistant engineer to Mr. Sothman?

A.—No, sir, I was just assistant engineer, with a number of other engineers. I was one of the assistant engineers.

Q.—And Mr. Sothman at that time was Chief Engineer?

A.—Yes, sir.

Q.—I understand that the different assistant engineers took part in figuring out these different tenders and giving Mr. Sothman figures upon them?

A.—Yes.

Q.—None of you had anything to do with the report which was sent to the Chairman of the Hydro-Electric Commission?

A.—We simply made memoranda to the Chief Engineer compiling the figures on the different items.

Q.—And he himself prepared the report, that is Mr. Sothman?

A.—He himself prepared the report.

Q.—You saw the letters he wrote to the Chairman of the Hydro-Electric Commission?

A.—Yes.

Q.—There is one letter written in May, did you ever see that? That would be prior to the time the tenders were received. The tenders were received on the 15th of July?

A.—Yes.

Q.—So that prior to that Mr. Sothman had sent a statement to the Chairman of the Hydro-Electric Commission; do you remember that statement, in which he recommended that the contract be limited to as few contracts as possible?

A.—I remember seeing the letter of May 4th which you have in as an exhibit.

Q.—After the tenders had been received, as I stated before, the engineers prepared figures; that is they figured out the different combinations of tenders?

A.—Yes, we figured out, according to specifications, different combinations of tenders.

Q.—And the report that was sent to the Hydro-Electric Commission, to the Honourable Mr. Beck on the 22nd July, represented the result of the figures prepared by different assistant engineers.

A.—Represented results prepared by different engineers and probably included the opinion and also the finding of the Chief Engineer.

Q.—Then, as I understand it, the letter of the 22nd July of the Chief Engineer Sothman represented the best opinion of all the engineers in the employ of the Hydro-Electric Commission?

A.—Yes.

Q.—And that opinion was that the bulk tender of F. H. McGuigan and Company was the most satisfactory tender?

MR. ROWELL: The report speaks for itself.

MR. MCGARRY: Quite so. I am following your example.

Q.—That represented the best opinion of the engineering department?

A.—Yes, I believe it did.

Q.—And represented what they thought to be the best opinion for the Province?

MR. ROWELL: It speaks for itself.

WITNESS: They investigated various tenders and looked into the qualifications of the men tendering.

MR. MCGARRY: Now, then, you received these different tenders mention-

ed on pages 80, 81 and 82; I mean they are mentioned in the report of the Hydro-Electric Commission for 1909. You remember Mr. Rowell asked you with reference to the tender of McLennan & Keyes, and in answer to him you said portions of it were ridiculously low; in item 1 you notice that the amount for that is \$3.91?

A.—Yes.

THE CHAIRMAN: That is for footings?

MR. MCGARRY: Yes. You notice that the others range from \$15 down to \$8. \$8 is the next lowest, that was the tender of Muralt & Company?

A.—Yes.

Q.—Why did you say \$3.91 was ridiculously low?

A.—From our experience with works of that kind and the opinion of engineers. Not only one opinion.

Q.—And the work having been performed, is that opinion borne out, that that was ridiculously low and could not be done?

A.—It would be about ten *per cent.* of the cost taking the average over the whole.

Q.—Then I understand Muralt & Company subsequently became sub-contractors for McGuigan & Company?

A.—Yes.

Q.—And doing that very class of work for which McLennan & Keyes tendered at \$3.91?

A.—Yes.

Q.—And their sub-contract was at \$8?

A.—Yes.

Q.—And they lost money on that?

A.—They lost money on those footings.

MR. ROWELL: How does the witness know they lost money on those footings?

MR. MCGARRY: Now, then, what was the financial standing of Campbell, Sinclair and Green; what conclusion did you come to with reference to their standing financially?

A.—As to their financial standing, sir, I think that was a matter for the Commission to deal with, but in the matter of engineering ability, we looked up all the available information we could obtain to see whether they had done such work before and were capable of carrying on the work.

Q.—And what conclusion did you come to?

A.—We came to the conclusion that their experience was not sufficient for us not to eliminate them, and, another thing, they did not submit a certified cheque, as called for in their tender.

Q.—Then Muralt & Company's tender was withdrawn altogether?

A.—Yes.

Q.—So that among these larger tenders the only ones standing were the Merrill-Ruckgaber-Fraser Company, of New York; McLennan & Keyes, of Toronto, and McGuigan & Company?

A.—Yes.

Q.—They were the only ones standing for consideration?

A.—Yes.

Q.—And as between those the best opinion of the engineers was that McGuigan & Company was the best one?

MR. ROWELL: The witness does not say that; the report is in, and the report does not say that.

MR. MCGARRY: You were examining this witness on his own knowledge for three hours the other day.

MR. ROWELL: He did not say that. He said that the opinion they came to with reference to these tenders was in the report.

MR. MCGARRY: He is giving me his opinion now.

MR. ROWELL: The honourable member is giving his own opinion and asking the witness to assent to it.

MR. MCGARRY: We are trying to clear up the myths on these things you created.

MR. ROWELL: No, you are trying to make evidence.

MR. MCGARRY: You will remember that after McGuigan got the contract—I am not going to go into the work at all—there was considerable dissatisfaction among the sub-contractors with reference to the work, wasn't there?

MR. GABY: Well, I heard of some disputes regarding certain portions of the work.

MR. MCGARRY: We are coming to that. Finally an estimate was put in for \$31,963; that was the estimate put in by the Chief Engineer, Sothman?

A.—Yes, he made a final estimate. I do not know whether that is the exact amount, but somewhere near that.

Q.—And after that estimate was filed by the Commission a claim was made by McGuigan & Co. for \$412,791?

A.—Yes, sir.

Q.—That was the amount of the claim?

A.—Yes.

Q.—That was made in 1912?

A.—Yes.

Q.—But you said to Mr. Rowell that prior to this, in 1911, you were present at a number of conferences when you discussed the question of the moneys which Mr. McGuigan was claiming?

A.—Yes.

Q.—Now, then, in what capacity were you present at these conferences? Was it as one of the assistant engineers?

A.—Merely as one of the assistant engineers.

Q.—And anything you might do or say at those conferences would be subject to correction from the Chief Engineer?

A.—Subject to his approval, yes.

Q.—He would undertake all the responsibility for those conferences?

A.—Yes.

Q.—You don't pretend to say that you were acting independently of that in these conferences?

A.—No, I tried to make that plain.

Q.—It became necessary for Mr. McGuigan, as a result of these conferences, to take action in the courts, and he did take action?

A.—Yes.

Q.—And subsequently arbitrators were appointed?

A.—Yes.

Q.—The Commission did not appoint any arbitrators?

A.—That is a matter for the Commission.

Q.—But the Commission took some evidence. Did you give evidence?

A.—I gave evidence to Mr. Staunton, in fact a great deal of evidence. I understood he was acting for the Commission in connection with the work, and the amounts of money we had certified to on that work and also our opinion on the cost of the work done.

Q.—Mr. Staunton went into consultation with all the assistant engineers, did he not?

A.—Not with all of them; he did with a number.

Q.—With a number who knew most about this particular contract?

A.—Yes, with those engineers who were familiar with the work.

Q.—That was when he was preparing his case for the arbitration?

A.—Yes, that was when he was preparing his case.

Q.—There was a question, wasn't there, between the contractor and the Commission as to the mileage?

A.—Yes.

Q.—And what was the original mileage mentioned in the tender, 293?

A.—In the erection specifications it mentions that for certain sections there will be approximately a certain length of line. These total up to 293 miles.

Q.—As a matter of fact the mileage as constructed was only 276.7?

A.—Yes, 276.7.

Q.—A large portion of the claim made by McGuigan & Co. was with reference to this difference in mileage, was it not?

A.—His claim was that he was entitled to \$1,270,000, plus the additions as shown in his claim. And the Commission claimed that he was not entitled to the \$1,270,000, as the specifications called for 293 miles, and the amount constructed was only 276 miles, or, approximately, 16 miles less.

Q.—The contractor claimed that the reduction made from the lump sum under this head was \$68,000; that is you deducted \$68,000. Do you know anything of that?

A.—In our certificate \$68,000 was deducted.

Q.—There was a dispute between the contractor and yourselves as to mileage?

A.—Yes.

Q.—And in the settlement made the contractor was allowed \$33,600 for the difference in mileage?

A.—He was not allowed that; that is not an allowance for the difference. It is an allowance for the difference in the engineer's opinion and in Mr. Staunton's opinion as to what the line called for in the specifications. That is, the line as measured on the blue-prints submitted to the tenderers was approximately 285 miles in length, and the specifications in certain parts called for a line of 293 miles, and in the distribution there is approximately 285 miles in another part of the tender. The line actually constructed was 276 miles, or approximately 8 miles difference between the two.

Q.—That was what was allowed by Mr. Staunton's report—the \$33,600?

A.—That is, Mr. McGuigan was allowed on a line 285 miles long.

Q.—In addition to that there was some extra steel which was not claimed, but on which it was found by the Commission he ought to have credit for?

A.—Ground cable.

Q.—That was some \$6,000?

A.—\$6,000, yes.

Q.—And you were agreed that that was proper, that the \$6,000 should be allowed?

A.—We did. We submitted that to Mr. Staunton and he allowed it.

MR. CHAIRMAN: You mean that Mr. McGuigan had not made any claim for that?

A.—Mr. McGuigan did not make any claim at all for this ground cable, but he put it in the system. It was an oversight of Mr. McGuigan.

Q.—Explain what "entrance towers" means. There was an allowance for that?

A.—Entrance towers are small towers placed at the end of the line adjacent to the buildings, to the transformer stations.

Q.—That was one of the differences between Mr. McGuigan and the engineers?

A.—Yes.

Q.—And Mr. Staunton allowed for the entrance towers, \$9,000?

A.—Yes.

Q.—How many of them were there?

A.—The specifications called for the construction of a transmission line to the building walls of a station and, in order to dead-end the line, entrance towers had to be constructed, or shorter towers constructed. These were constructed but were used by the electrical manufacturers or contractors who supplied equipment, for the purpose of putting their horn-caps on some, and Mr. McGuigan claimed that since they used them the Commission should pay for these towers, and we claimed that they were the entrance towers that he should supply under the contract. Mr. Staunton got all the evidence we had on that from the engineers, and his finding is as shown.

Q.—His finding was that Mr. McGuigan should be allowed that?

A.—Yes.

Q.—What was the extra cost allowed for guying and bracing telephone lines on account of the relay system being erected on telephone poles? \$500 was allowed for that?

A.—Mr. McGuigan's engineers said or contended that on account of the additional contract for relay lines, it required heavier guying. We contended that the line would have been constructed the same whether they put relay lines on or not. Mr. Staunton made an allowance for that.

Q.—\$2,000 was allowed for extra work at Libby Lake. What was that?

A.—A dispute arose between the contractor and the Commission as to the correct route for the transmission line.

Q.—I understand there was considerable filling to be done at that point?

A.—They had to put in pile footings, and also concrete footings at that point.

Q.—It was reasonable that he should be allowed something extra on that?

MR. CHAIRMAN: That was an unforeseen thing.

MR. GABY: It probably was a thing the contractor did not note when he inspected the line.

MR. MCGARRY: There was \$2,000 allowed for that. You don't know anything about the bond, I suppose? Now, you, as one of the engineers in charge of the work, know there was considerable additional cost to the contractors and sub-contractors by reason of difficulty in securing right-of-way?

A.—Yes, the contractor could not carry on his work continuously.

Q.—And I understand that at times the contractor would have to move from one place to another because of the fact that he could not get possession of the right-of-way?

A.—Yes.

Q.—There is a sum of \$30,000 allowed for these delays?

A.—Yes.

Q.—You are in a position to say there were a considerable number of these delays during the time?

A.—I am in a position to say there were delays, yes.

Q.—When did Mr. Sothman leave the employ of the Hydro-Electric Commission?

A.—Some time in July, 1912.

Q.—He had been ill for some time before that?

A.—Since February, 1912; from February to July.

Q.—And he was dismissed; wasn't he?

A.—I cannot say that.

MR. ROWELL: When you say that evidence was submitted to Mr. Staunton; was that submitted to him before you went into the arbitration?

A.—Evidence was submitted before and after we went into the arbitration.

Q.—Did you give him all the information before you went into the arbitration?

A.—We gave him all the information we could and all the information asked for.

Q.—So that he had all the facts before him when he went into the arbitration?

A.—No, I don't believe he had.

Q.—You discovered something after that?

A.—No, we did not, but Mr. Staunton did not have time before he went into the arbitration to go into all the details with the engineers.

Q.—Then you did not have a full conference with him—did you have a full conference with him before he went into the arbitration?

A.—We had conferences; I don't know just what you mean by "full."

Q.—Sufficient to lay the whole facts as you understood them, before him?

A.—Not the whole facts, but certain facts which we thought it was necessary for Mr. Staunton to know.

MR. CHAIRMAN: I suppose when Mr. Staunton asked you for any information you gave it to him?

A.—We gave him any information he requested, and we would give him more information, as the arbitration proceeded and as the evidence was given on the other side.

MR. ROWELL: You do not mean to say Mr. Staunton was not fully advised as to the Commission's case when he went into the arbitration?

A.—Well, as far as that is concerned, I only know what information he obtained from the engineers. He was advised and given all the information he requested—we gave him all the information he asked for.

Q.—Was he fully posted on the facts from the Commission's standpoint, when he went into the investigation?

MR. CHAIRMAN: How can he say that?

MR. ROWELL: Because he was in conference with him; I am asking him so far as he knows.

MR. CHAIRMAN: It is for counsel to say whether he was fully informed or not. How in the world can Mr. Gaby know?

MR. ROWELL: I ask him so far as he knows?

MR. GABY: I cannot say whether he was fully informed in regard to the case or not, sir.

MR. McELROY: You gave him the full information he asked for?

MR. GABY: Gave him everything, sir.

MR. ROWELL: You said this first item for footings is very low—this \$3.91?

A.—Yes, sir, very low.

MR. McGARRY: Ridiculously low.

MR. ROWELL: What about the other items?

MR. GABY: The second and third items are very low; too.

Q.—How about the rest of them?

A.—The items for telephone line construction are low.

Q.—Take the rest of them as a whole?

A.—The items for erection of cable, probably, are fair.

Q.—Yes?

A.—With the exceptions mentioned; the telephone line is low, the erection of towers is low, and footings low; cable is fair.

Q.—When I asked you before as to whether the McLennan and Keyes' would not be substantially lower than the Muralt tender, you said you would not care to say, because there was one item, I think item 6, but some item you said was very high, which was an important one?

A.—Pardon me, sir, I did not say it was very high. I said it was higher, probably two and a half times the item we were referring to in Muralt and Company's tender.

Q.—Now take the McLennan and Keyes tender as a whole, is it very much lower than the Muralt tender or not?

A.—It would be very much lower.

Q.—Very much lower than the Muralt tender?

A.—Yes may I correct that last statement. . . I say, taking the figures as given as the correct figures and assuming that we could hold the contractor to them in this tender, then, using those figures, the total amount, compiled in the same way as the Muralt and Company tender, would be lower. But I did not mean to say that the contract after it was completed—the cost of the work—would be lower.

Q.—No, we are speaking of the tenders only. Then you said that Muralt lost money on item 1? You do not mean to say that they lost money as subcontractors on the whole amount?

A.—That I am not prepared to say.

MR. MCGARRY: At the time you were giving evidence to Mr. Staunton the arbitration had not proceeded and of course you did not have any particulars of these items from the contractor; it was not until after evidence was given at the arbitration that you knew the particulars of these items?

A.—We did not know the particulars of these items until after—in fact I do not believe that at the present time we have particulars of all those items?

Q.—You got some evidence after the arbitration—some evidence was given after the arbitration was commenced?

A.—Yes.

(Witness excused.)

F. H. McGuigan, called and sworn.

MR. ROWELL: Mr. McGuigan, you are head of the McGuigan Construction Company that had a contract for the construction of the Niagara Transmission line?

A.—I would like to say, Mr. Chairman, that it is a matter of very serious doubt to me whether it is prudent for me at this time to testify in this case, be-

cause I am now defending a suit by a sub-contractor, and judging from some of the testimony of Mr. Gaby I might be asked questions which might affect that case; so that I am in doubt, and before going on, I think I would like to consult my solicitor. I have here the papers vouching for my statement.

MR. MCGARRY: I have no objection to his consulting his solicitor.

MR. CHAIRMAN: I think it is only fair that he should.

MR. ROWELL: I have no objection to Mr. McGuigan having his solicitor here to advise him. Could we not go on with some matters that do not touch this particular point?

MR. MCGUIGAN: I do not know what would touch it or what would not. There isn't anything I know concerning it that I am not perfectly willing to tell. There is some of it I would like to tell.

MR. CHAIRMAN: The position you take is that you do not know exactly how any of the evidence would affect your case without consulting your counsel?

MR. MCGUIGAN: That is it exactly.

MR. CHAIRMAN: I think that is fair, that he should be allowed to consult his solicitor.

MR. MCGUIGAN: I thought about it yesterday and thought of waiting until I heard Mr. Gaby's testimony. Until then I was not so firmly convinced that it would possibly be a mistake to give any evidence just now.

MR. CHAIRMAN: If Mr. McGuigan comes back here with his own counsel, and as we go along, if there are things he objects to disclose on the advice of his counsel, we can eliminate that. No one has any desire to prejudice him.

MR. ROWELL: No, no one wants to prejudice Mr. McGuigan in his position with his sub-contractor.

MR. CHAIRMAN: I think then, you had better consult your solicitor, and we will meet again on Wednesday next.

MR. ROWELL: The session is getting on; cannot we meet to-morrow?

MR. CHAIRMAN: No, we cannot meet to-morrow.

MR. MCGUIGAN: I would not be able to come to-morrow.

MR. CHAIRMAN: He would not have an opportunity in that time to go into a matter of this kind. There is some eighty thousand odd involved?

MR. McGUIGAN: \$77,460 is the amount mentioned in the writ.

MR. CHAIRMAN: Then, Mr. McGuigan, you can in the meantime, consult your solicitor and appear here with him on Wednesday next and he can state your position then.

MR. CHAIRMAN: There may be a number of things Mr. Rowell wants to know about that will not affect your case at all and your own counsel would be able to advise you about that. I think we had better leave it at that for the present.

MR. McGUIGAN: I think it is necessary to do that and I will esteem it a favor if it can be done.

MR. ROWELL: I think your request is quite reasonable in that respect, Mr. McGuigan. We do not wish to do anything that will prejudice you.

MR. CHAIRMAN: That will do then, Mr. McGuigan (witness excused). Do you want to send that \$250 draft to Mr. Muralt, Mr. Rowell?

MR. ROWELL: I am not familiar with the custom of the Committee; is it the custom to pay the travelling expenses of witnesses?

MR. CHAIRMAN: Yes.

MR. ROWELL: I think Mr. Muralt should be brought here.

MR. MCGARRY: We cannot force him to come.

MR. CHAIRMAN: The difficulty is that when he arrives here he may take the same position, probably, that Mr. McGuigan takes. He is in litigation, too.

MR. ROWELL: Then he will have to get his solicitor and we will go on as far as we can. The whole investigation cannot be blocked on this account. I would suggest that Mr. Muralt be asked to come here.

MR. CHAIRMAN: You saw the telegram I got from him yesterday.

MR. ROWELL: When you consider that the man is an engineer, and his travelling expenses and so on—the amount does seem large—and, still, it isn't out of the way.

MR. MCGARRY: We might telephone him.

MR. CHAIRMAN: I do not know whether it would be advisable to wire him \$250, he being on the American side.

MR. HARTT: I think that would be a reckless thing to do, Mr. Chairman. on the chance that he would come or not.

MR. ROWELL: Mr. Gaby told us that his solicitors are Ritchie and Ballantyne. If the Clerk of the Committee would see Mr. Ballantyne and show him the telegram I am quite sure we would be safe, if the Ritchie firm communicate with him and say the money would be forthcoming, I think he would come.

MR. CHAIRMAN: I would not like to take the responsibility of saying we will pay him \$250 unless the Committee say. That is a lot of money to my mind.

MR. ROWELL: It is a big contract we are looking into; if he can throw any light upon it he should be here.

MR. CHAIRMAN: Will you undertake, from the information you have, to say that he can disclose something that the public ought to know?

MR. ROWELL: I believe that his evidence is material to this investigation or I would not have suggested that you subpoena him.

A MEMBER: What would he be entitled to under ordinary circumstances?

MR. CHAIRMAN: A *per diem* allowance and his travelling expenses; but he is on the American side and is entitled to what he asks to get him over here. If he were on this side of the line it would be a different matter.

MR. MCGARRY: I think this man would refuse to answer. He is in the same litigation with Mr. McGuigan.

MR. CHAIRMAN: I am anxious to afford every facility for getting witnesses here and getting all the evidence you can disclose in this mare's nest, and see if Mr. Sothman's statements can be verified; but as to taking the responsibility of wiring a man on the American side \$250 on the chance of his coming here, well —

MR. ROWELL: I suggested that the matter could be arranged by the clerk through his solicitors here.

MR. CHAIRMAN: If the Committee will say that I am justified in giving the clerk instructions to say to Mr. Ballantyne that we will be responsible for \$250 if this man comes here, I will have to do it.

MR. EILBER: What authority have we to offer him that?

MR. CHAIRMAN: Only on the general authority that we have the right to subpoena witnesses; then the question arises, have we the right to pay him \$250, or have we only the right to pay him the ordinary witness fee?

MR. EILBER: The audit office would block it.

MR. MCGARRY: I think we would have to get an order of the House.

MR. ROWELL: Take the principle involved; if there is a matter in which American contractors or companies are engaged in this country and it is necessary, in the course of an investigation, to have their evidence, there is only one way of getting it, and that is by having a commission issued to take it there, or by having them brought here; and there is only one way to get them here, and that is to pay the fee asked. If it were an exorbitant one perhaps we should take some other means of getting the evidence, but take into consideration that the man is an engineer, and that there will be travelling expenses, the fee does not seem exorbitant for a professional man to ask.

MR. CHAIRMAN: That is about all we get for staying here a whole month.

MR. ROWELL: True, but we are poorly paid.

MR. MCGARRY: How will you find out if he will give any evidence?

MR. ROWELL: We cannot tell until we get him here.

MR. CHAIRMAN: I suppose you have some idea of your object in getting him here; what you are anxious to prove from Mr. Muralt; if it is material it becomes a serious question, but if it is just on the chance of something he might say, I do not feel like taking the responsibility.

MR. ROWELL: I take the responsibility of saying I believe his evidence is material to this investigation.

MR. CHAIRMAN: You may be easily convinced in that belief.

MR. JOHNSON: I suppose this request shows the fishing has not been good up to this time?

MR. CHAIRMAN: We have no authority to pay this man \$250 without an order of the House.

MR. ROWELL: Then I think this Committee should recommend to the House that the Committee be authorized to pay this in order to get him here and get his testimony.

MR. CHAIRMAN: That is a matter for motion to the Committee.

MR. ROWELL: Then I would move that the Committee ask the approval of the House to pay the sum of \$250 fee and expenses to bring Mr. Muralt here before the Committee.

MR. CHAIRMAN: Put it in the usual way; put it in writing so that we will have it as a matter of record.

MR. MCGARRY: If he says in his telegram he will not be able to come before the fourth of April we had better leave the matter over until the next

meeting, and in the meantime we had better find out if he will make any statement when he gets here or not.

MR. ROWELL: How could we find out?

MR. MCGARRY: You might find out from his solicitor.

MR. CHAIRMAN: Perhaps in the meantime we can discover some method of securing his attendance without your resolution. He cannot be here before the fourth of April anyway.

MR. ROWELL: Well, then, we can let it stand.

MR. CHAIRMAN: I will make inquiries and see what the method of procedure is.

MR. ROWELL: Can we meet to-morrow and go on with the other matter, Mr. White was to be called?

MR. CHAIRMAN: There are some other things to be taken up to-morrow. That is one reason it was suggested that this Committee meet again this morning. We usually meet on Wednesdays and Fridays, but this week we met Wednesday and Thursday instead.

The Committee then adjourned.

PUBLIC ACCOUNTS COMMITTEE.

Friday, April 11th, 1913, 10.30 a.m.

MR. CHAIRMAN: I have here a reply to the communication I sent to Mr. Thorne, which I have just this morning seen myself. He says:

“This morning I received your telegram, reading as follows: ‘Your presence is required before the Public Accounts Committee at 10.30 to-morrow morning. Wire collect if you can attend.’ I have just returned last night after considerable absence from Palmerston, and it is absolutely imperative that I remain here for a day or two at least. My sole partner is leaving to-day for several days’ absolutely necessary absence, and I must be here during his absence. It is impossible for me to attend at 10.30 in accordance with the wording of your message. I am not writing you. In any event I should not attend except on the service of a proper summons with the usual arrangement for compensation for time and expense.”

MR. CHAIRMAN: We will get that gentleman here. When he writes a letter of that kind we use the usual procedure that brings him as a rule. This gentleman takes a rather independent stand, so we will see that he gets here.

MR. ROWELL: You told us the other day you had wired Mr. Sothman.

MR. CHAIRMAN: Yes. I am very glad you reminded me. I wired Mr. Sothman asking him when we could expect his attendance, and whether his illness was serious or not. I got the following answer: "Telegram received. Owing to state of health as advised in previous telegram, it is uncertain when I will be able to attend, for I have been constantly under medical care since December. Would be pleased to assist you if can be arranged to take my testimonial." It says "testimonial," of course, it means testimony—"in New York."

Well, owing to the rather suggestive comment from Mr. Rowell the other day that possibly I might not be using my best efforts in securing the attendance of all the witnesses asked for, as well as for my own information and satisfaction, as I was inclined to believe you were right in expecting that Mr. Sothman did not want to come here, I took means to ascertain for myself, and I wrote to a responsible party in New York —

MR. ROWELL: We ought to have the telegram both ways so that they may go in the record.

MR. CHAIRMAN: Yes. This is a private telegram. It came to me personally. I am satisfied from this telegram, which I will read to the Committee if you choose, that Mr. Sothman has not any desire or intention to come here, although he is quite able to come here.

MR. ROWELL: Hadn't we better have your telegram, and the other on the record?

MR. CHAIRMAN: Although this was entirely for my own information, I have no objection —

MR. ROWELL: Do you mind showing it to me?

MR. CHAIRMAN: No. I am going to read it to the Committee:—Reads:—"Sothman seen at office 11 o'clock to-day actively at work attending to business. Mentioned having received injuries in railway accident last December and was under doctor's care. Shows no indication of either injury or ailment. Stated he received telegram from Toronto requesting his attendance there, but was not going. Present location of office, 1726 Whitehall Building."

I say, that is a purely personal communication to satisfy myself of the *bona fides* of his desire to give evidence. Now, I do not know what proceeding you might choose to take in reference to his refusal under the circumstances. My own view is that he has not any desire to come here, and that perhaps it is safer for him not to come here.

MR. ROWELL: About that I know nothing, but I think we should have his testimony, and I will submit a motion later in reference to it.

MR. CHAIRMAN: Yes. Then what else?

MR. ROWELL: Mr. de Muralt.

MR. CHAIRMAN: Yes, I must not overlook him. I have been in communication with Mr. Muralt's solicitor and, only within the last half hour, I telephoned to Mr. Ballantyne. He said that he must assume the position he did the other day, that his advice to Mr. Muralt would be not to give any testimony if he came here, and he said: "Under the circumstances I cannot advise him to come here for that purpose. If he came here I would certainly advise him that he should not testify." Then I said: "I may not expect he will be here at your suggestion, or that there is any possible way of getting him here through you." He said: "No, I think not." So that is the situation so far as Mr. de Muralt is concerned.

Then about Mr. McGuigan. Yesterday he had not been in Montreal in the meantime. I called him up this morning but I was unable to get hold of him. He had not had an opportunity yesterday of looking up these papers and does not know whether they are in Montreal or not. I gathered he is busy in some important affair here and he did not think he could take time to go to Montreal. But he said to the Committee, the other day, that there is absolutely nothing in it, that it is not important, and so on, but I am inclined to think he will go to Montreal this week and we will have an opportunity of hearing from him later.

MR. ROWELL: I will submit later a motion in reference to those others.

MR. CHAIRMAN: Is there anything else the Chairman should do that he has not done? He is very active, I know.

MR. ROWELL: Very industrious.

MR. CHAIRMAN: Most indefatigable in his efforts to carry out the wishes of the Committee.

MR. ROWELL: Mr. Settell?

MR. CHAIRMAN: Yes, here he is.

Mr. Settell, sworn.

MR. ROWELL: Mr. Settell, when did you enter the employ of the Hydro-Electric Power Commission?

A.—November, 1906.

Q.—And you have continued in the employ of the Commission from that day to the present time?

A.—Yes, sir.

Q.—And are still in the Commission's employ?

A.—Yes, sir.

Q.—When you entered the employ of the Commission, who was the chief clerk in the office of the Commission?

A.—I was.

Q.—You were chief clerk in the office of the Commission?

A.—Yes.

Q.—I notice that Mr. Pope in his examination told us that he had been preceded in the position of Secretary of the Commission by you. Did you act as Secretary?

A.—Well, I wrote letters. I was a Minister's Secretary, and until the Commission's operation demanded a gentleman of legal qualifications, to occupy the position, I filled in the position until Mr. Pope came.

Q.—You were a Minister's Secretary?

A.—The Chairman's Secretary.

Q.—And you acted as Secretary of the Commission until Mr. Pope was appointed?

A.—I just filled in.

Q.—And you were chief clerk in the office?

A.—Yes.

Q.—Who kept the minutes of the Commission?

A.—I did, sir.

Q.—From the time you entered the Commission's employ down to the date of Mr. Pope's appointment?

A.—Yes, sir.

Q.—And, whatever your title may have been, you acted in the capacity of Secretary of the Commission until Mr. Pope's appointment?

A.—Yes.

Q.—You were Secretary then when the tenders were advertised for the construction of the Niagara Transmission Line, in 1908?

A.—Yes, sir.

Q.—When the tenders were received did you enter receipt in any book? How were they dealt with? What record was kept?

A.—They were kept in the safe, sealed.

Q.—Sealed and kept in the safe?

A.—Yes.

Q.—Then you remember the first advertisement for the tenders being put in, sometime in June, was it? Do you remember the date, Mr. Settell?

MR. CHAIRMAN: The 15th of July, was it not?

MR. ROWELL: The 2nd of June I see is the date. Then that was subsequently extended to the 15th of July?

A.—Yes, sir.

Q.—Were any tenders received in answer to the advertisement of the 2nd of June?

A.—I don't remember.

MR. MCGARRY: They would be received by the Honourable Adam Beck, the Chairman.

MR. ROWELL: Can you tell me, just think back, whether any tenders were received in answer to the advertisement of the 2nd of June, so far as you know?

A.—Tenders for what, Mr. Rowell?

Q.—For the Niagara Transmission Line or for any of the units advertised for?

A.—Well, I could not swear as to that, Mr. Rowell?

Q.—You cannot go back that far?

A.—No, sir.

MR. CHAIRMAN: Is that 1908?

MR. ROWELL: Yes.

Q.—You cannot say as to that, whether tenders were received under that advertisement or not?

A.—No, sir.

MR. CHAIRMAN: It would be a matter of routine in the office with you, and you would not have any particular impression of them?

A.—Yes.

MR. ROWELL: Then do you remember the occasion of the second advertisement?

A.—I remember inserting it in the papers.

Q.—Did you have any discussion with any superior officers of the Commission with reference to the reason for publishing the second advertisement?

A.—No, sir.

Q.—How was it published?

A.—It was just handed to me, and I handed it to the advertiser.

Q.—Who looked after that in the office of the Commission?

A.—I suppose that was a matter for the Commission, Mr. Rowell.

Q.—I want to know whether it was the Engineer, or the Commission direct that dealt with that?

A.—I don't know who would deal with it. The Commission had the final say.

Q.—I know. But I am asking who handed it to you?

A.—I cannot remember the gentleman who handed it to me.

Q.—Then did you get your instructions from the Chief Engineer; the Chief Engineer was Mr. Sothman?

A.—No, sir.

Q.—Not at that time?

A.—Yes, at that time.

Q.—Did you get your instructions from him, or did you take your instructions direct from the Commission?

A.—I would take instructions from both the Chief Engineer and the Commission at all times.

Q.—Do you remember on this occasion whether you got your instructions from the Chief Engineer or from the Commission?

A.—No, sir.

Q.—Then you inserted the second advertisement? Do you remember the tenders coming in in answer to it?

MR. CHAIRMAN: Do you mean does he remember that there were tenders?

MR. ROWELL: Yes. Do you remember there were tenders in answer to the second advertisement for extension of time?

A.—I cannot say definitely that there were, Mr. Rowell, whether they came in answer to the first advertisement or to the second.

Q.—You cannot say whether they came in answer to the first or second advertisement?

A.—No.

MR. CHAIRMAN: What you mean is, you remember at that season there were tenders came in, but you do not know whether in answer to the June advertisement or the later advertisement?

A.—No, sir.

MR. ROWELL: Then you do remember that tenders came in?

A.—Yes, sir.

Q.—What was done with the tenders when they came in? Just give me the procedure in the office?

A.—I would write on the envelope, which was addressed to the Chairman, the date and the time received at the office and file them in the safe.

Q.—Now, have you the record in the office of the date and time when these tenders were received for the transmission line?

A.—I do not think so, Mr. Rowell.

MR. CHAIRMAN: You say you wrote it on the envelope?

A.—Yes, sir.

MR. ROWELL: You do not think so?

A.—No, sir.

Q.—Have you made any search to see if there is any record in the office showing the date and time any of those tenders were received?

A.—Yes, sir.

Q.—You have?

A.—Yes, sir.

Q.—And you cannot find any record?

A.—No, sir.

Q.—Then how would you endorse on the back of the tender ——

A.—The envelope.

Q.—Yes, the envelope rather. You would endorse on the back of the envelope the date and time of receipt and put it in the safe?

A.—Yes, sir.

Q.—What was the next order of procedure?

A.—When the Commission met, to lay the tenders, the envelopes before them.

Q.—On what date did the Commission open the tenders?

A.—I don't remember, Mr. Rowell.

Q.—Have you the minute book of the Commission which will show that?

A.—No, sir, I have not got it with me.

Q.—It is in the office?

A.—Yes, sir.

Q.—Does the minute book of the Commission show the date on which the tenders were opened?

A.—Yes, sir.

Q.—It does? Does it show what tenders were opened on this day?

A.—Yes, sir.

Q.—I see! It is all set out in the minutes of the Commission?

A.—Yes, sir.

Q.—Why didn't you bring that with you?

MR. POPE: I am in charge of that. When I asked you last night you could not tell me what you wanted.

MR. ROWELL: I told you last night I wanted the minutes.

MR. POPE: You told me you wanted the book containing the records.

MR. MCGARRY: I may say that the minute book is an article we do not propose to produce. I suppose we will be prepared to give you the date tenders were received, but the minute book is a matter which, if it in any way became public property, would be used by our competitors.

MR. ROWELL: We are not asking for the general minutes, as my honourable friend very well knows, we are only asking for the minutes showing the tenders, the record of their being opened.

MR. CHAIRMAN: You will remember last night or yesterday afternoon I went to you and asked you, and you made a memorandum exactly of what you proposed to ask for. It was tenders for transmission lines and tenders for transformer stations, and nothing else.

MR. ROWELL: Yes. And Mr. Pope came to me last night and told me certain things they did not have. I asked specifically then, for the records of the Commission showing the opening of the tenders.

MR. POPE: Pardon me. You asked for a book containing a record of the receipt of the tenders. I said I did not think we had it.

MR. MCGARRY: Your memorandum shows it all there.

MR. ROWELL: I believe Mr. Pope did not understand it. I thought I made it perfectly clear, but, if not, there is time to get it yet.

MR. MCGARRY: All this memorandum refers to is the record relating to the receipt of tenders, and they have no such record.

MR. ROWELL: Then I asked for production of the minute book, containing the record of the opening of these tenders and what tenders were opened relating to the construction of the Niagara Transmission line and set out here in this book. You have got a record here of tenders received.

MR. POPE: This is towers, transformer stations, electrical equipment and all sorts of things.

MR. ROWELL: We will first take this then. I will specify the others. This report, produced and printed for the year 1909, sets out certain tenders received in connection with the construction of the Niagara Transmission Line. I want the minutes of the Commission.

MR. CHAIRMAN: What page is that?

MR. ROWELL: Pages 80, 81 and 82, showing the record of the opening of these tenders.

MR. HENDRIE: Probably you had better move a proper resolution in future for everything you want. Then we will have no mistake.

MR. ROWELL: I will be very glad to move it. There will be no trouble on that score.

MR. MCGARRY: First, when we were here we had the whole business on that table.

MR. ROWELL: Then as a matter of convenience I suggested that rather than bring up everything we would specify certain things.

MR. MCGARRY: Well, you haven't specified anything yet.

MR. ROWELL: Then, you cannot remember the date, of course. Did you ascertain the date, on looking at the record, when the tenders were opened? Can you tell me now the date on which they were opened?

A.—No, sir.

Q.—You cannot?

A.—No, sir.

Q.—Then up to the date of the opening of the tenders did the tenders remain in the vault?

A.—Yes, sir, under lock and key.

Q.—Who carried the key, you?

A.—Yes, sir.

MR. CHAIRMAN: Who carried the safe?

MR. ROWELL: After the tenders were opened what was the next step?

A.—The Commission considered them.

Q.—Yes; what next?

A.—Asked for recommendations of the Chief Engineer.

Q.—Yes; what next?

A.—That is as far as I know.

Q.—That is as far as you know?

A.—Yes.

Q.—Then can you tell me how long a period elapsed between the opening of those tenders and the report of the Chief Engineer upon them?

A.—No, sir.

Q.—Did the Chief Engineer's report come to you as Acting Secretary of the Commission after it had been presented to the Commission?

A.—No, sir. It was made direct to the Chairman.

Q.—But did it come to you, I mean as one of the records, after the Commission had received it?

A.—It was put in for filing, yes, sir.

Q.—Can you tell me why there were, apparently, two letters written on the same day slightly different, reporting the matter?

MR. CHAIRMAN: He could hardly answer that question.

MR. ROWELL: He may know as Secretary. If he knows, well and good. If he does not, he can tell us. Exhibit 14 is the first report put in and Exhibit 24 is the other. Just look at Exhibit 14 and then look at Exhibit 24. As I understand it, the reports are the same in all respects, except that the item of \$40,000 for contingencies and extras in one, appears as \$50,000 in the other, and the necessary changes are made to carry that out. You might just look at that.

MR. MCGARRY: What is the question, Mr. Rowell?

(Reporter reads last question.)

He has not asked any question, as I thought.

MR. ROWELL: Can you answer that question?

MR. MCGARRY: No question has been asked.

MR. SETTELL: I would like to know what the question is.

MR. ROWELL: Are the two reports the same in all respects with the exception of the change in the \$40,000?

MR. MCGARRY: Do you want him to compare them?

MR. CHAIRMAN: Ask him to read them.

MR. MCGARRY: Mr. Rowell can read one and you the other.

MR. ROWELL: I have not compared them. Mr. Pope told me yesterday they were the same, except these figures.

MR. CHAIRMAN: You had better ask him direct what difference there is.

MR. ROWELL: What difference is there, if any, in the two reports with reference to the figures of the various tenders?

A.—The only difference I know is just what you have mentioned, Mr. Rowell.

Q.—Yes, there is a difference of \$10,000 in the item of contingencies and extras figuring on the aggregate amount of the tenders.

A.—That might be a stenographer's mistake left over on the first copy that remained on the file.

Q.—The figures are changed throughout, are they not?

A.—I don't think so.

Q.—That is to make the change necessary by making one fifty and the other forty, 1272 instead of 1262 and so on.

MR. MCGARRY: That is self-evident on the face of it. I assume you have something to ask the witness about them. You might as well ask it.

MR. ROWELL: Now, have you any recollection as to the putting in of these reports, the difference in the two amounts?

A.—No, sir, I have none.

Q.—I wish to draw your attention to the fact, Mr. Settell, that Exhibit 14 was produced by Mr. Pope on the first day of the examination as being the report of the Chief Engineer on these tenders, and that subsequently this further statement or report of the same date, that is Exhibit 24, was produced. Do you recall seeing those two reports on the file so as to remember where they were kept?

A.—Yes, sir.

Q.—Which was treated as the final report?

A.—I do not know, sir.

Q.—You cannot tell which was treated as the final report?

A.—No, sir.

Q.—And you cannot tell why there were two reports?

A.—The only explanation I can think of is a typographical error.

Q.—It is not a typographical error.

MR. MCGARRY: He does not know anything about it.

MR. ROWELL: Mr. Pope told us he was his predecessor. We must give Mr. Settell credit for knowing something.

MR. MCGARRY: Mr. Gaby explained all that.

MR. ROWELL: We have Mr. Pope's testimony.

MR. MCGARRY: You have Mr. Gaby's testimony. You were not fair enough to this witness to explain the evidence of Mr. Gaby to him, but you go on and try to make this witness answer a statement he does not know anything about. Mr. Gaby explained the \$10,000 added cost. The Chief Engineer told us his department thought \$40,000 was not sufficient. You have not stated that to him.

MR. ROWELL: I have asked the witness for his statement. I am en-

titled to get it. I am entitled to have from this witness anything germane to the inquiry.

MR. MCGARRY: He says he does not know.

MR. ROWELL: We can get on. My honourable friend is trying to make evidence.

MR. MCGARRY: I will interrupt whenever I think you are not fair to the witness.

MR. ROWELL: My honourable friend knows I am perfectly fair.

MR. MCGARRY: Why didn't you state to him Mr. Gaby's report?

MR. ROWELL: Am I to get three or four witnesses here and then tell each one what the other said?

MR. MCGARRY: But you told him what Mr. Pope said.

MR. ROWELL: Yes. -

MR. MCGARRY: Why didn't you go further?

MR. ROWELL: We have had it from one, we are going to get it from the others. My honourable friend cannot stop it.

MR. MCGARRY: No, we have no desire to stop it, even though we may regret the length of time you are taking.

MR. ROWELL: I know my honourable friend too well not to know that he is not anxious for us to get on.

Q.—What is the next record with reference to these tenders appearing in the minutes after the opening of them?

A.—I do not know.

MR. CHAIRMAN: You would hardly expect him to state that from recollection, surely?

MR. ROWELL: Have you looked at those minutes?

A.—No, sir, not within the last two or three days.

Q.—How long is it since you examined the minutes?

A.—While Mr. Pope was going over them, I was right with him there.

Q.—How long since?

A.—Two or three days before the last sitting of the Commission.

Q.—Now, then, can you tell me, approximately, if you cannot remember the exact date, how long after the opening of the tenders was it before another record appears in the minutes with reference to the tenders?

A.—No, sir.

Q.—You cannot tell me that?

A.—No, sir.

Q.—Do you remember the receipt of the letter from Mr. de Muralt, or Muralt and Company, withdrawing their tender?

A.—No, sir, that would not be addressed to me.

Q.—You do not remember seeing it?

A.—No, sir.

Q.—Was that tender returned?

A.—Not to me.

Q.—Was the deposit returned to de Muralt, or Muralt and Company?

A.—I don't remember, Mr. Rowell.

Q.—What record is there in any of the books or documents of the Commission showing how these deposits were dealt with?

A.—The files would show.

Q.—Well, you have been asked to bring here any records showing the receipt or return of these deposits?

MR. CHAIRMAN: Oh, no; be fair about it. Here is your own memorandum that you gave me yesterday.

MR. ROWELL: Read the memorandum.

MR. CHAIRMAN: "Tenders for the construction of the Niagara Transmission line and the transformer stations." It does not say anything about withdrawing tenders or returning cheques or anything else.

MR. ROWELL: That is set out in the prior part. I was only putting down the additional things. It is here.

MR. CHAIRMAN: I want to be right about this, because I was very particular when the Commission said to me: "Why this would mean turning our vault inside out the way this reads. Cannot you find out, specifically, what is required, and we will produce it?" I was very particular to ask you to make a memorandum of just what you wanted brought here, and I explained the reason to you. I asked you to make a memorandum and that is the result, and that was the only thing you asked to be brought here.

MR. ROWELL: Then it is a case of clear misunderstanding, because what I wanted was the record with reference to these tenders. That is, you spoke of tenders covering other things, and I did not want the records of tenders other than those I have here set out. It is a case of misunderstanding with reference to it.

MR. CHAIRMAN: I thought I was making it clear so there would not be any mistake. That is the reason why I asked you to put it in writing.

MR. ROWELL: I thought I was making it clear. We evidently misunderstood each other.

MR. CHAIRMAN: Perhaps I am obtuse.

MR. ROWELL: Have you any records here that will show the receipt of the deposit from Muralt and Company and the return? I mean the records of the Commission, not this printed document.

A.—You have them in your office, Mr. Pope.

MR. POPE: It is here with all the correspondence attached.

MR. CHAIRMAN: Is there any object in continuing to ask Mr. Settell in reference to something he knows nothing about. We had better get Mr. Pope or somebody who knows about these things.

MR. ROWELL: Mr. Pope could not give evidence prior to the date of his appointment, except the production of these documents.

MR. CHAIRMAN: You have been asking him what appears here and so on. I think Mr. Pope is more familiar with these things. This man has not acted as Secretary for five years. He had a casual glance at this the other day, it seems. I think we ought to get information from the most reliable sources and save the time of the Committee.

MR. ROWELL: I am just taking what Mr. Pope told us. He said Mr. Settell preceded him as Secretary. Surely we are entitled to go to him for information?

MR. CHAIRMAN: I have not the slightest objection. I am only suggesting a means of helping you to get at the bottom of this difficulty.

MR. HARTT: We got at the bottom of it the other day.

MR. ROWELL: Then, just looking at Exhibit 21, I see there is a letter here from Mr. de Muralt, dated September 17th, in which he requests the return of his certified cheque for \$4,000 as called for by paragraph eight of your instructions, to be attached to the specifications. Is that the letter requesting the return of the deposit in respect to his tender, Exhibit 21, for the construction of the transmission line?

A.—That letter speaks for itself.

Q.—I asked what it refers to, this one?

A.—Yes, it does.

MR. MCGARRY: It is addressed to Mr. Beck.

MR. ROWELL: Then, following that there is a letter from Mr. Beck to you, enclosing the communication from Muralt and Company?

A.—Yes, sir.

Q.—And he wished the matter dealt with when in Toronto on Thursday. Then, on the 24th, is the letter to Muralt and Company returning the cheque for \$4,000?

A.—Yes, sir.

Q.—I see it is signed—blank—Secretary. Who signed as Secretary?

A.—I did.

Q.—And did you sign communications and correspondence throughout as Secretary of the Commission?

A.—Yes, sir.

Q.—Then the deposit was not returned until September 24th?

A.—No, sir.

Q.—Was any letter written in answer to this letter from Mr. Muralt requesting that he might withdraw his tender?

A.—Not to my knowledge.

MR. MCGARRY: That is a foolish question to submit, because the record shows there were letters written. When the cheque was returned it was an answer to his letter.

MR. ROWELL: I am not speaking of the cheque. We have gone into that. I mean the letter asking to have his tender withdrawn. That is in answer to the letter requesting the cheque.

MR. MCGARRY: Let us see.

MR. CHAIRMAN: You asked him if there was any reply written to that letter?

MR. ROWELL: Yes.

MR. CHAIRMAN: There would be a reply returning the cheque, I suppose.

MR. ROWELL: I do not want to haggle over words, but I mean in reply to that letter, at that time, in reference to his contract. There is a reply, later, to the letter asking for the cheque. What I want to get at is is there any letter in July, if the witness know of any.

A.—Yes, sir, I understood the question.

Q.—I thought so. Then, can you tell me when the McGuigan tender was accepted?

A.—Do you mean the date of the meeting it was accepted?

Q.—Yes?

A.—No, sir.

Q.—That would appear in the minutes?

A.—Yes, sir.

Q.—Was there any letter sent advising him of the acceptance of the tender?

A.—I do not remember. It would show in the McGuigan correspondence.

Q.—Can you recollect whether there was any correspondence or not, or any letter advising Mr. McGuigan of the acceptance of his tender?

A.—I do not remember a specific letter, Mr. Rowell.

Q.—You can easily turn that up?

A.—Yes, sir.

Q.—Then what tenders were received for the construction of the transformer stations?

MR. CHAIRMAN: They have the record of that here, haven't they?

A.—Yes, sir.

MR. ROWELL: Where?

A.—It is in the annual report at pages 210 to 217.

MR. ROWELL: Yes, the tenders for the transformer stations appear in the report commencing on page 217. Now can you tell me whether there was any change in the specifications for any of these transformer and interswitching station buildings after the tenders were called for?

A.—No, sir.

Q.—You mean there was no change?

A.—I mean I cannot tell.

Q.—Have you those tenders here?

A.—No, sir.

MR. POPE: I can get those up.

MR. CHAIRMAN: We will produce those, in fact everything they have. As long as we know, specifically, what it is.

MR. ROWELL: Quite so. . . . Then were the tenders received for the transformer and interswitching stations treated in the same way as the others?

A.—Yes, sir.

Q.—And the minutes would show the opening of those tenders and the awarding of the contracts?

A.—Yes, sir.

MR. ROWELL: That is all for the present.

Mr. George C. Taylor, called and sworn:

MR. PROUDFOOT: What is your occupation. Mr. Taylor?

A.—Just now, you mean? Not much of anything.

Q.—Did you have an agreement with the Government; that is, the Taylor-Scott Company?

A.—Yes.

Q.—That agreement, I believe, was entered into on July 20th, 1905, between Mrs. Taylor, carrying on the business in the name of the Taylor, Scott Company, and the Inspector of Prisons and Charities?

A.—Yes.

Q.—Have you got that agreement?

A.—I may have it, but I haven't got it here with me. I can find it, I think.

Q.—What was the business of the Taylor, Scott Company prior to the time of entering into this contract with the Government?

A.—Manufacturers of woodenware, brooms, brushes, etc.

Q.—Did you have a factory here in the city?

A.—Yes, for twenty years.

Q.—And did you move your factory to the Central Prison and carry on work under the agreement?

A.—Yes.

Q.—What were you manufacturing? The agreement says, “single and double stepladders, wheelbarrows, clothes pins or other articles in the manufacture of which machinery or men can be used.” Did you carry on the manufacture of all those lines?

A.—No.

Q.—What lines?

A.—We picked out the stuff with the most money in it and made that up.

Q.—The Government, under the agreement, were to supply you with how many men?

MR. CHAIRMAN: Have you the agreement there?

MR. PROUDFOOT: Not except what is set forth in the petition of right. The agreement itself is not there.

MR. MCGARRY: Doesn't it say eighty men in that petition?

MR. TAYLOR: There is a copy of the agreement somewhere.

MR. MCGARRY: Here is a copy of the agreement itself. Eighty men.

MR. PROUDFOOT: They agreed to supply you a minimum number of eighty men and should you require more men you were to have any number up to the total number of men in the prison? I see the agreement ran from the first of September, 1905, to the first of September, 1910, with a right of renewal for five years?

A.—Well, there wasn't really a right of renewal.

Q.—But doesn't it say that? It says something about a renewal: “the parties may renew the agreement if it is so agreed by both parties.”

A.—Yes, but that is no agreement at all.

Q.—You couldn't enforce it very well?

A.—No, we never considered it as an agreement.

Q.—How long did you continue to operate under the agreement before you had a difference?

A.—That is pretty hard to tell, what difference?

Q.—There was a dispute; according to the papers I see that a change was made as to the mode of payment?

A.—Well, I think that was about a year after we had been operating.

Q.—Under that change you were to pay four cents an hour?

A.—Yes.

Q.—Then, after you had the change, whatever it was, you steadily continued to operate and operated down to what time?

A.—I think it was until some time in 1911 we continued operating.

Q.—What time in 1911?

A.—I cannot tell you that. It was sometime in the fall of 1911, I think. I am not positive as to the date. The books here will show when we got the last cheque.

Q.—Which books?

A.—The Government books. You might think it strange that I cannot answer you definitely, but it is two or three years ago, and I can't remember.

Q.—Well, when did you cease to manufacture largely?

A.—When our contract expired, then we ran on after that for a few months, but just how long I cannot say.

Q.—The contract expired on the first of September, 1910?

A.—I think we ran along until 1911; but we might have gone into 1912, I am not sure.

Q.—Did you have a new agreement, or did you run under the old agreement?

A.—Well, it was, to my recollection, more a matter of arrangement. In starting the prison farm at Guelph, as they did, long before they had any right to take away men from the shops, they took men and sent them to Guelph. We had strenuous objections to that and in order to make that up we ran on for a few months to offset that. That is my recollection of that.

Q.—Did you make that complaint in writing?

A.—Yes, verbally and in writing.

Q.—Did you make any complaints in 1911?

A.—I think we were making complaints pretty nearly all the time.

Q.—What were you complaining about?

A.—About them taking away the men to Guelph.

Q.—In not supplying you with the number of men agreed upon?

A.—I didn't think they were supplying them when they were taking them away. I complained that the men they were taking away were the best men. They would not take the poor men to Guelph. Suppose a man had been in for nine months; the last three months of that man's time were the best. We had taught him something. When they wanted men to go to Guelph they took men who had only a short time to serve, as these men were not so liable to try to get away. We objected strongly to that. That caused a good deal of trouble, and to my recollection we had a few months added to the contract. I do not think we made any claim on that score.

Q.—Now, aren't you mistaken in saying you operated up to the fall of 1911?

A.—I might be mistaken.

Q.—Because I find that your petition of right is dated the 24th of February, 1911.

A.—That might be and still we might be operating.

Q.—The contract expired on the first of September, 1910?

A.—The contract was entered into on the first of September, 1905, of course it expired in five years.

Q.—And without renewing it you kept working for some months after?

A.—Yes.

Q.—Then you made a claim on the Government?

A.—Yes.

Q.—When did you first make a claim?

A.—We were making claims all the time. We had a regular claims department, and kept making them all the time.

Q.—When did you make your final claim? After you got through with the contract?

A.—Immediately after, I think.

Q.—Those papers are not here, they are not with the file?

A.—They can be got. I have a lot of papers; I have them somewhere, but I don't know just where. I didn't get any summons to bring them. . . . and that, gentlemen, explains the Thorne letter. Mr. Thorne telephoned me and I advised him to write that kind of a letter. Somebody telephoned me and asked me for Thorne's address. He called me again the next day and said he had lost it. He said he would telegraph him. He shouldn't be asked to come on a telegram and without a proper summons.

MR. CHAIRMAN: This Committee acts for the Legislature you know and has a right to ask anyone to come here.

WITNESS: When you send word to a man in Palmerston to come here you should send a summons and a railway ticket.

MR. CHAIRMAN: His expenses and yours will be paid.

WITNESS: I haven't any expenses. . . . Then my answer to the question is that I haven't those papers, but I will try and get them.

MR. PROUDFOOT: I was asking you, Mr. Taylor, about the papers dealing with the claims sent in to the Government?

A.—They ought to be with the claims from the Department.

Q.—It doesn't seem to be here, although there are some claims here?

MR. MCGARRY: Have you gone through them?

MR. PROUDFOOT: No, I haven't had time to.

MR. CHAIRMAN: Then, why do you say that is not there?

MR. MCGARRY: You are likely to get that from the file; from the petition of right.

MR. PROUDFOOT: In the letter of June, 1912—in that you make certain claims, apparently? (Exhibit 42).

A.—Yes.

Q.—There are a number of claims there. But what I want to get at is the letter in which you sent in the final claim? That is a claim which does not appear to be with the papers here?

(Paper produced).

Has this paper anything to do with the claim put in by you?

A.—Those are separate items.

Q.—Does this paper come from your office?

A.—Yes. (Exhibit 43).

Q.—Can you tell me when you put in that final claim?

A.—I cannot, but I can find out for you.

MR. PROUDFOOT: They ought to have it in the Department.

MR. CHAIRMAN: Did this matter ever get as far as litigation?

MR. PROUDFOOT: It got as far as a petition of right. . . . I think the notice calls for the production of all papers.

MR. MCGARRY: But not from the Department.

MR. CHAIRMAN: Mr. Taylor's solicitor probably has the letter and the papers.

MR. MUSGROVE: What is the object of this investigation anyway? Let us know what you want?

MR. PROUDFOOT: We are asking: that L. E. C. Thorne be summoned to appear before the Committee on Public Accounts at its next meeting to give evidence regarding items of \$500 and \$21,068.03 appearing on page 237 of the Public Accounts, 1912; that all accounts, vouchers, papers and other documents relating to the items be produced before the Committee. (To witness): Between 1908 and the time you ceased to work under that contract, I presume there were a good many claims and letters sent to the Department by you?

A.—Yes.

Q.—Do you remember what the amount of your final claim was?

A.—No, I don't.

MR. CHAIRMAN: The petition would set that out.

MR. PROUDFOOT: It gives the total; the \$50,000 is not in detail. (To witness): Did you file a claim with the Department saying that you had a claim of \$50,000?

A.—I don't think we ever claimed so much, that is, not to my recollection.

Q.—Did you show the loss in the statement you sent in showing what you claimed up to the time you ceased to work the contract? You don't remember how much that was, I understand?

A.—No.

Q.—I see you filed a petition of right. It is dated 24th of February, 1911; when did you apply for a fiat?

A.—I cannot tell you that. It was either in 1910 or 1911, somewhere along there.

Q.—Did you apply for the fiat?

A.—I think it was early in 1911, I am not sure.

Q.—Who made the application?

A.—Mr. Montgomery.

MR. CHAIRMAN: Is that Montgomery of Montgomery, Fleury and Montgomery?

A.—Yes, J. D.

Q.—I notice that the fiat was first recommended on April 3rd, 1911?

A.—I cannot answer that. We got it, but I don't know when we got it.

MR. PROUDFOOT: The petition was served on the 30th of June, 1911 What efforts did you make, personally, to get that fiat?

A.—I don't remember.

MR. CHAIRMAN: It was evidently sufficient to get it.

MR. PROUDFOOT: Who did you see in trying to get it?

A.—I saw my solicitor a good deal, and wrote letters.

Q.—I presume so; but who did you see in connection with the Government to get that?

A.—I asked Mr. Hanna for it.

Q.—When did you see Mr. Hanna?

A.—I cannot give you the date; I asked him two or three times.

Q.—Why did you see Mr. Hanna? Fiats are only granted by the Attorney-General's Department?

A.—Well, our business was with Mr. Hanna's department.

Q.—Did you find difficulty in getting a fiat?

A.—Oh, yes. We were a long time getting it. They were very slow, but we got it finally.

Q.—Do you know when you did get it?

A.—I can't tell you that exactly.

Q.—Tell me when you had the first interview with Mr. Hanna and what took place?

A.—I can't tell you that. I don't remember that.

Q.—Not in reference to getting the fiat?

A.—There were a lot of letters and telephone messages.

MR. CHAIRMAN: You wouldn't expect him to remember everything after two years.

WITNESS: I don't and that is all there is to it.

MR. PROUDFOOT: It is hard to say what to expect, until you find out by asking questions?

WITNESS: I will answer all the questions I can answer.

MR. PROUDFOOT: I would like you to tell me, as nearly as you can, what took place at the time you first applied personally to Mr. Hanna for this fiat?

A.—I don't remember that the first meeting was with Mr. Hanna at all. I cannot tell the month or the year

Q.—How many meetings did you have?

A.—Several; a number of them.

Q.—I understood you to say you had three?

A.—No, I did not say three; I had a number.

Q.—Did you see the Attorney-General?

A.—I am not sure whether I saw the Attorney-General or not.

Q.—You did not see him?

A.—Who is the Attorney-General?

Q.—Mr. Foy?

A.—No, I didn't see him.

Q.—You didn't see him personally?

A.—No.

Q.—You went to see Mr. Hanna because you were having difficulty about getting a fiat; it wasn't coming as quickly as you thought it should?

A.—We had to apply to the Attorney-General for the fiat, of course.

Q.—But because you did not get it through the Attorney-General, as quickly as you thought you should, you went to Mr. Hanna? That is how you came into touch with Mr. Hanna?

A.—I was in touch with Mr. Hanna before.

Q.—With reference to the fiat—I am speaking?

A.—Oh, yes.

MR. CHAIRMAN: Your business was with Mr. Hanna's department. You thought you had a just claim and you were trying to convince him to consent to your having a fiat?

MR. PROUDFOOT: Is that a question, Mr. Chairman?

MR. CHAIRMAN: That is the sum total of it. I am merely trying to expedite matters.

MR. McKEOWN: Did you say you applied to Mr. Foy before you consulted Mr. Hanna; that afterwards you went to Mr. Hanna?

MR. CHAIRMAN: As I understood it, he says his solicitor applied to Mr. Foy.

WITNESS: There is no question that the solicitor applied to the proper place.

MR. CHAIRMAN: You do not pretend to fix any dates?

A.—No.

MR. PROUDFOOT: You say you had more than one interview? Can you tell me what took place at these interviews?

A.—I asked for a fiat.

Q.—What else?

A.—And he refused it. I have just forgotten what he did say, whether it was a point blank refusal or not; yes, he refused it.

Q.—You finally got it from him?

A.—I didn't get it from him. I got it from the Department. I was away at the time and got a telegram in New York saying the fiat had been issued.

Q.—What I want to find out is, what took place between you and Mr. Hanna in reference to the granting of a fiat?

A.—I asked for a fiat and he refused it.

Q.—What reason did he give?

A.—Because he hadn't the authority to give it.

Q.—What did he say about it?

MR. MCGARRY: He has told you about it; that he hadn't the authority to give it. A very proper answer.

MR. PROUDFOOT: I want to know what Mr. Hanna said.

WITNESS: I do not know exactly just what Hanna did say.

Q.—Was anyone present at any of these interviews?

A.—I think Mr. Armstrong was present once or twice, I am not sure—no I don't believe he was—I don't think anybody was present.

Q.—Was that the interview you had with Mr. Hanna with reference to the fiat or with reference to this account?

A.—There were several people there in reference to that.

Q.—Then what reason did Mr. Hanna give for not paying your claim?

A.—Nothing. He didn't give a really definite reason.

Q.—You claimed a considerable amount. You cannot state exactly what it was?

A.—It is in the papers.

Q.—You cannot state any details?

A.—I cannot tell that; there were pages and pages of different items. The Department asked for that, so we went through our books and made it up. There were pages and pages of that sort of stuff.

Q.—Who acted for the department at the time you made the change in your contract?

A.—Mr. Thorne.

Q.—You mean the change made to four cents?

A.—Yes.

Q.—At that time it was understood that the contract was to continue until the end of the time set. (Document produced). Do you remember the arrangement set forth in that communication, dated the 25th of April, 1908?

A.—Yes.

Q.—This was, that Thorne had gone away and that Posthlewthwaite had taken it up. That set forth the arrangement made between you?

A.—At that time I undertook to pay four cents instead of three.

(Document put in, Exhibit 44).

Q.—Then you had various conferences with Mr. Hanna about the adjustment of these claims?

A.—Yes.

Q.—Have you no idea of the number of interviews you had with him?

A.—No.

Q.—Who was present at any of these interviews?

A.—I don't recall that anybody was present.

Q.—That is, the interviews in pressing the account?

A.—I think Mr. Rogers was there.

Q.—Who is Mr. Rogers?

A.—The Inspector.

Q.—Who else?

A.—I am only speaking from memory; Mr. Posthlethwaite was there once or twice, in connection with some of the details. That is as far as I can recollect at the moment.

Did you interview anyone in connection with the Government besides the men you have mentioned, that is in reference to this claim of yours?

A.—What is that?

Q.—Did you have interviews with any other person in connection with the Government, other than the three gentlemen you have mentioned?

A.—No, those are all I have memory of. There might have been more called in by Mr. Hanna at the time, but those are all I can remember.

Q.—What reason did he give for not paying your claim?

A.—No particular reason. That was the difficulty. We couldn't get him to give any particular reason. He never really disputed our claim, he never really denied it.

Q.—How did you get him to take it up for the purpose of settlement?

A.—Well, we got a fiat and had a right to sue the Government.

Q.—But you had difficulty before you got the fiat. What did you have to say to Mr. Hanna before you got the fiat?

A.—I cannot tell you. I said a lot of things.

Q.—Tell us part of them?

A.—I told him we were entitled to a fiat. I asked him for a fiat. I wanted it, and I wanted it bad.

MR. CHAIRMAN: Surely you don't expect him to specify the negotiations. As a result of long negotiations he got the fiat.

MR. PROUDFOOT: I am trying to find out exactly what he does remember.

WITNESS: That is all I'm going to tell.

Q.—Is there something you don't want to tell me?

A.—That is all the statement I am going to make in reply to that question.

Q.—There is something you won't tell me?

MR. MCGARRY: Nothing of the sort. He told you what took place. You asked him what took place and he told you what took place.

MR. PROUDFOOT: He has told me nothing.

MR. MCGARRY: You have no right to say that. He gave you the answer of Mr. Hanna; that he had nothing to do with the granting of a fiat.

MR. PROUDFOOT: I was not speaking of the fiat then at all. I was speaking of what he was saying about the adjustment of the account.

MR. CHAIRMAN: You asked what he said to Mr. Hanna with reference to the adjustment of the accounts. He told you he asked for a fiat, that he wanted it, and wanted it badly. He said that is the whole answer.

WITNESS: I didn't say that is the whole answer. I said "that is all I'm going to say." In reply to your straight question, that is my recollection of it, in reference to that fiat.

MR. PROUDFOOT: I want to know what took place between you and Mr. Hanna in reference to the adjustment of this account.

A.—I cannot remember what took place.

Q.—Well, tell what you remember?

A.—I've told all I remember

Q.—What statement was made to Mr. Hanna by you as a reason why this account should be adjusted or a fiat issued?

A.—If the Government owed me money I was entitled to it. They were delaying. I could not get them to say it was a just claim and I couldn't get them to say it wasn't

Q.—What reason did you advance to Mr. Hanna for the adjustment of this claim?

A.—That is was a just claim, a just and honest claim.

Q.—Tell me what else?

A.—That is all.

Q.—That is all you are going to tell me?

MR. MUSGROVE: Was that before the fiat was issued?

A MEMBER: I don't know what he wants the witness to tell him.

MR. PROUDFOOT: I want him to tell me what took place.

WITNESS: I cannot state what I said to Mr. Hanna or to anybody. I cannot tell all I have said to you.

Q.—I want you to tell me what reasons you gave Mr. Hanna; what reasons you advanced to Mr. Hanna, why you insisted on the claim being settled?

A.—I told him I regarded it as a just claim. That covers everything, it seems to me—because it was long past due, and because, if they wouldn't allow it we wanted to go to court, and get what the court would allow us. If the claim wasn't a just one we wanted to know what was.

Q.—Any other reasons?

A.—I cannot recall any at the moment.

Q.—I want just what you remember took place?

A.—That is all I am going to say

MR. PROUDFOOT: Mr. Chairman, have you any power to make the witness answer the question. He says that is all he is going to say?

MR. CHAIRMAN: We have, but we must exercise it with some reason. The witness has given a fairly satisfactory answer. He has told you what he remem-

bers. You, as a solicitor, will know, that with negotiations going on, a man will say all kinds of things, and it is surely impossible to expect him to remember everything that he has said. He has told you he said the claim was a just claim — just a minute, wait until I am through. You have asked if we have the authority to make him answer and I say we have, but that we must exercise some degree of common sense. This witness has given you a reasonable answer. He says "I advanced the reason to Mr Hanna that the claim was a just one, that it had been hanging fire a long time, that if the Department thought it was not due us they should give us a fiat and we could go into court and fight it out. That is my idea of the negotiations. You could not expect him to say what he said on Monday or what he said on Tuesday. There should be some limitation to this fishing expedition.

MR. PROUDFOOT: The witness indicates that he has something more he could say, but won't. He says, "That is all I am going to say."

MR. SINCLAIR: Doesn't that indicate that he has more in the back of his head?

MR. MCGARRY: He has said over and over again: "I cannot remember what I said to Mr. Hanna."

MR. PROUDFOOT: Do you rule, Mr. Chairman, that you will not insist on this gentleman answering the questions? He has stated that that is all he will tell.

MR. CHAIRMAN: I rule that he has given you a sufficient answer.

MR. PROUDFOOT: Is that a sufficient answer, when he stated that that is all he is going to tell me? You are sitting here as judge, you know, and we want you to exercise your judicial mind, not your other mind.

MR. CHAIRMAN: I would suggest that you exercise a more judicial attitude toward the witness. We are not here to badger witnesses or anything of that kind. We have to deal with them fairly. Mr. Taylor has come here, and it must be evident to every reasonable man that it is absurd to ask him to recite categorically what occurred between himself and Mr. Hanna two years ago. He has attempted to tell you of his talk with Mr. Hanna, of the various arguments he made, that his claim was a just one and that if it was not allowed he was surely entitled to go into court and take the consequences.

MR. PROUDFOOT: I am trying to get from the witness exactly what took place. I lead him to a certain point and when he gets to that point he says "that is all I am going to say." You know perfectly well that were a witness to take that stand in any court the judge would make him answer the question. That is what we expect you to do, Mr. Chairman, if you desire to act in your judicial capacity.

MR. CHAIRMAN: If you have any objection to my ruling you have an appeal to the ———

MR. PROUDFOOT: You know what that means.

MR. CHAIRMAN: I want to say this further. You have asked Mr. Taylor ——— pardon me, don't lose your temper, because if you do you may lose your head ———

MR. PROUDFOOT: I am not losing my temper, I always keep it conveniently with me.

MR. CHAIRMAN: Let me get through ———

MR. PROUDFOOT: You have said it before.

MR. CHAIRMAN: Well, you don't seem to appreciate it ———

MR. PROUDFOOT: Probably it is my denseness.

MR. CHAIRMAN: I am not attempting to discover the reason of it at all. . . . but Mr. Taylor has answered you, as I think, fairly. You press him and he says that is all I am going to say.

MR. PROUDFOOT: If you had a witness in the box in the High Court and you got him that far and he gave you that answer, and persisted in retaining that attitude, what would you do? It seems to me you would apply to the presiding judge to make him answer.

MR. MCGARRY: I will help you out. You didn't ask the witness if he used any other argument ———

MR. PROUDFOOT: I did ask him ———

MR. MCGARRY: You asked him what else took place. You wanted him to tell you everything that took place. Ask him if he used any other argument, and if he doesn't remember, then that is the answer. Your question cannot be answered. He cannot remember all that took place.

MR. PROUDFOOT: He didn't say he did not remember. That wasn't his answer. He said that was all he was going to tell.

MR. MCGARRY: That is all he can recall. But because you persist in asking the same questions he does what any man would, he says "That is all I can say."

MR. PROUDFOOT: Well, I will try your suggestion. (To witness): Do you remember anything else that took place between you and Mr. Hanna at any of the interviews with reference to obtaining that fiat or as to the adjustment of the account between you?

A.—The last answer I gave is the only answer I will give to that question.

Q.—Well, will you kindly repeat it?

A.—I said we wanted to get a fiat, that I was satisfied to have the courts adjust that claim, perfectly satisfied. They didn't want to settle and I asked for a fiat.

Q.—Go on.

A.—I didn't get it. I was always willing to put it to a judge or jury or arbitration or anything else.

Q.—I want to know if you advanced any other argument to Mr. Hanna in any of these interviews?

A.—That is all the answer I will give you to that question, that is what I told you.

Q.—Wasn't there anything else?

A.—The answer I gave is the only answer I will give that question. If the Chairman wants to rule anything else let him go on and rule it.

MR. PROUDFOOT: I think it is quite evident there is something the witness doesn't want to say. I think we should have his answer.

MR. CHAIRMAN: To my mind it is quite evident that the witness is exasperated at this style of examination. It is the function of this Committee to get at the facts and not to assist in a fireworks and pyrotechnical display of any kind. It seems to me as Mr. Taylor has frequently told you, that he is not going to attempt to recite everything that took place two years ago.

MR. PROUDFOOT: He hasn't said that. He gets up to a certain point and says that is all he is going to tell. Now we are back to the same point we were before. (To witness): What is the next step you took after you filed that petition? Did you ever get to trial?

A.—No, we never got to trial.

Q.—Did you finally arrive at the manner in which the question should be adjusted?

A.—Yes.

Q.—The petition of right was never tried?

A.—No.

Q.—Was there an agreement to arbitrate?

A.—Yes.

Q.—When was that entered into?

A.—I cannot give you the date, the papers are there.

Q.—Here is the receipt for the amount of money paid, January 17th, 1912?

A.—Then that was some time in the fall of 1911 that was cleared up.

Q.—Can you tell me from looking at this? This is November 24th, 1911. When was the agreement to arbitrate entered into by which Mr. Thorne was to dispose of the whole question?

A.—About two weeks before that, I think.

Q.—I do not see it among the papers. You say there was an agreement of that kind. Was that signed by you?

A.—The agreement to arbitrate?

Q.—Yes.

A.—That was signed by me.

Q.—Who else signed besides you?

A.—Mr. Hanna, I think. Mr. Hanna signed for the Department and I signed for the Taylor, Scott Company.

Q.—Have you got that?

A.—I have not. My solicitor will probably have it.

Q.—You say Mr. Thorne was agreed upon as sole arbitrator to dispose of the question?

A.—My recollection is this. The department suggested Mr. Thorne, and I said all right I would accept Mr. Thorne's decision, and it would save some expenses. I think that is the way that came about.

Q.—What was Mr. Thorne doing at that time?

A.—He was with Staunton's, Ltd., Yonge street, at that time.

Q.—Was he doing any work for you?

A.—Not at that time.

Q.—What is he doing now?

A.—He is at Palmerston running a woodenware mill under the name of the Taylor, Scott Company. We sold out to a fellow named Perry, and he and Thorne are now working the business together.

Q.—It was about two weeks before the award was made you entered into the agreement to arbitrate?

A.—Yes.

Q.—Did you file a claim with the arbitrator ——— just a moment ——— before that, was there any talk of three arbitrators?

A.—I do not think there was. I don't remember, that is two or three years ago. My recollection is that it was to be settled by arbitration. The usual way, of course, is for each side to appoint an arbitrator, and to agree upon a third one. I think, now, there was talk of three arbitrators, but when the Government or somebody suggested Mr. Thorne, I said all right. If the Government will take Mr. Thorne I will take him. The Government could pay him and I could pay him.

Q.—You knew Thorne very well?

A.—Yes, I knew he was a first-class accountant.

Q.—He had been employed by the Department?

A.—Yes, and he knew the details of the contract.

Q.—He had made this arrangement with you for the change in the contract to four cents?

A.—Yes.

Q.—And can you tell me—have you the date of that interview with Mr. Hanna before this agreement was signed. That is, the agreement to arbitrate and appoint Mr. Thorne as sole arbitrator?

A.—My recollection is that I met Mr. Hanna one Saturday afternoon in his office and that agreement was made there. I said, Mr. Thorne will you undertake to work constantly on this and get it through. He said he would, and I said I was satisfied.

Q.—Mr. Thorne was present at that interview?

A.—Yes, his decision was to be final, without any appeal.

Q.—That agreement is not in the documents here?

A.—There would be a special document relating to that. I will probably be able to get trace of that.

Q.—Who were present at that interview besides Mr. Hanna and Mr. Thorne?

A.—Mr. McNaught.

Q.—You were to pay \$500? And the Government?

A.—I arranged with them. I was to pay half, whatever it was. Mr Thorne was not to be arbitrator for either party. He would not be wholly independent if he was in the employ of the Government. I said that it was distinctly understood that we were each to pay Thorne. That is, he was to represent both of us. I was to pay Thorne \$500 and the Government was to pay him \$500 also.

Q.—Did you pay him \$500?

A.—I paid him a little more.

Q.—Why did you pay more—if you were both to pay one half?

A.—It was a difference as to what should be half. I thought it should be more than \$500, and I paid \$750.

MR. JOHNSON: This was purely a matter of accounting between you and the Government; a matter of adjusting accounts between you and the Government?

WITNESS: It was a claim for non-fulfillment of contract.

MR. JOHNSON: But it was a matter for an accountant to settle.

A.—Yes. There were piles of books, of charges and counter-charges. Mr. Thorne did work in a week that would take an ordinary man three months.

MR. CHAIRMAN: An ordinary man would have had to get an accountant to help him.

MR. PROUDFOOT: You paid the Government as you went along.

A.—Yes, every month.

Q.—According to agreement?

A.—Yes.

Q.—Then, as I understand it, you had certain claims you were making against the Government for not supplying you with sufficient men?

A.—Yes, and other things.

Q.—And these claims, you say, had been accumulating?

A.—Yes.

Q.—They were in the way of damages, were they not?

A.—They were made in violation of the contract.

Q.—In what respect?

A.—They didn't give us the power they agreed to give us. They didn't give us the men they agreed to give us. That applies the same to material.

Q.—They didn't give you the men and they didn't give you the power. It was purely a question of damages?

A.—We put our claim in definite shape. We undertook to show our loss from that condition existing. We had it all charged up in our books.

Q.—Take the second paragraph of your petition: “The sum of \$50,000, or such sum as may be required, may be paid to the supplicant in compensation and by way of damages for the loss which has been occasioned to her by the breaches of the contract and agreement aforesaid.” That embodies your claim?

A.—Yes.

Q.—Now, after Mr. Thorne was appointed arbitrator to deal with this question, were any witnesses called before him?

A.—He came out to my office and I produced our books and papers and documents. I set out our claim and argued it to the best of my ability. I gave him anything he asked for. He spent hours with the book-keeper, made notes and went away. What he did at the department or elsewhere I don't know.

Q.—That is a comprehensive statement, but it doesn't answer my question. I asked if any witnesses were called before him?

A.—Yes, if you call that calling witnesses.

Q.—What I want to know is, when he started to work was anyone present on behalf of the Government at your office?

A.—No. And when he went to the Government offices there was nobody there for us. He took the documents and got all matters in reference to the contract. No doubt he did the same thing here.

Q.—But your solicitor was not present?

A.—No.

Q.—What length of time did Mr. Thorne take to deal with the question?

A.—I don't remember that.

Q.—I see you are apparently mistaken when you say a couple of weeks?

A.—This says “under the terms of the memorandum of agreement, between the Taylor, Scott Company and the King”; that is dated the 18th of November, 1911. I said about two weeks before the 24th. It was less than that. This makes it only six days.

Q.—The agreement was made on the 18th of November, so that it was just six days between the making of the agreement and the making of the award by Thorne. What length of time did Thorne spend in your office in going into this matter?

A.—Several hours—for a couple of days, I think—I know what you are trying to get at: The short time it took to make the arbitration. Well, we had a lot of claims that would have taken him three months to adjust. I said to him “strike them all out. I will make no claim for those at all. Now, go ahead and facilitate this thing and get it done quick.” I made no claim for those at all.

Q.—Those would form part of the papers Mr. Thorne was supplied with?

A.—Very likely.

Q.—They would be in what you call your final claim?

A.—Yes. We struck them out to avoid delay. For instance, the man who has served a term in prison and who comes back time and again is known as a repeater: Under the contract we are entitled to that man. I claimed that we did not get him. When a man comes in and works six months we have taught him something. When he comes back we want him. He is a valuable man. I claimed there was a loss there.

Q.—That is one of the claims you were making?

A.—Rather than have it go on for months examining the books, I struck out that. That is one of them. There were others.

Q.—You dropped that?

A.—Yes.

Q.—What I want to get at is this: Mr. Thorne went to your office two different days ———

A.—Two or three different days.

Q.—What length of time did he spend during those days?

A.—I can't say. A few hours. He went over our claims.

Q.—Who was your book-keeper?

A.—Mr. Perry.

Q.—He went into it thoroughly with Mr. Thorne?

A.—Yes. He got all the information and I argued it to the best of my ability. We didn't have anything claimed that we did not have a record in our books to show for it.

Q.—You did not attend before the department or your solicitor?

A.—No. I don't know what took place there.

Q.—That was all attended to by Mr. Thorne?

A.—Yes.

Q.—Then a few days after he was at your office he made this award, dated the 24th of November, 1911, whereby he awarded you—or the Taylor, Scott Company, \$21,068.03?

A.—Yes.

Q.—And this is your receipt for the money, attached?

A.—Yes.

MR. CHAIRMAN: What date is that receipt? Yes, this receipt is dated January 17th, 1912.

MR. PROUDFOOT: How long after the award did you get the money?

A.—It was understood that they could have two months. That is just two months less one day. They took all they were entitled to.

Q.—Was it under the agreement they were to have two months?

A.—Yes.

Q.—We should have that agreement. It isn't here. Then you were from June, when the petition was filed, until the 18th of November in getting down to this arrangement for arbitration?

A.—Yes.

Q.—What pressure did you bring to bear on Mr. Hanna or the Department to get them to act in November?

A.—I don't know that.

Q.—You just got it before the election, Mr. Taylor?

MR. CHAIRMAN: Ask him whether he knew there was an election.

MR. PROUDFOOT: You didn't get to arbitration until the 18th of November?

A.—Yes, that's right.

Q.—This was arranged at this interview between Thorne, the Provincial Secretary and yourself, and Mr. McNaught, you say. Is that right?

A.—Yes.

Q.—Anyone else?

A.—I don't remember anybody else.

Q.—Did you have any talk with Mr. McNaught previous to the time you went to Mr. Hanna's office?

A.—I may have.

Q.—In what connection?

A.—I don't remember now. I went to see him about it. I knew Mr. McNaught. I had a right to see him.

Q.—I am not disputing your right. I want to know why you went to see Mr. McNaught?

A.—I wanted to hustle the thing along. It had been dragging since 1910. We had been nearly a year out of business before we got this.

Q.—How long before this interview did you see Mr. McNaught?

A.—I don't remember that.

Q.—How did Mr. McNaught happen to be present at this interview?

A.—I asked him to do something to get the thing hustled along.

Q.—Had he anything to do with this transaction?

A.—That is all. I went to see Mr. McNaught and told him my story, and made it as good as I knew how.

MR. CHAIRMAN: Mr. McNaught and you were a deputation to see the Minister?

MR. MCGARRY: The same as your letter about the fishing licenses.

MR. PROUDFOOT: I suppose you never wrote that kind?

MR. MCGARRY: I don't know where this examination with reference to Mr. McNaught is going to.

MR. CHAIRMAN: I have just been thinking that; you are asking him how he came to go to Mr. McNaught. Surely that has nothing to do with this?

MR. PROUDFOOT: I am asking him what Mr. McNaught had to do with this matter.

MR. CHAIRMAN: He says he went to see Mr. McNaught and talked the matter over with him.

MR. PROUDFOOT: Did Mr. McNaught have anything to do with it?

WITNESS: I went to Mr. McNaught and stated my case to him, and that is all I can tell about my interview with Mr. McNaught.

Q.—You mean that is all you are going to?

A.—That is all I am going to tell you.

Q.—That is no answer to my question, because I want to know if Mr. McNaught had anything to do with getting this arbitration by Mr. Thorne?.

A.—What he did I don't know, because he never told me.

MR. PROUDFOOT: I must ask that this stand until we get the balance of these papers, Mr. Chairman. The file, according to what Mr. Taylor tells us, cannot be more than half complete, perhaps for the reason, as stated by Mr. McGarry, that some of the papers were handed over to the solicitor. I also ask to have this gentleman produce his books here.

MR. CHAIRMAN: You know the usual procedure.

WITNESS: What do you want me to produce?

MR. PROUDFOOT: All the books showing your dealing with the Department.

WITNESS: If you have the power to get them, I don't own the books now. Perry and Thorne have the business. They own the books now.

Q.—Perry is the man who knew about this?

A.—Perry was the book-keeper. I want to say this, Mr. Chairman, if you want both Perry and Thorne here, it isn't fair to ask them both to come on the same day. They are running the business and it takes up their time.

MR. PROUDFOOT: Don't you think Mr. Thorne would probably be sufficiently conversant with these books?

A.—He might be.

MR. PROUDFOOT: I don't want to inconvenience these gentlemen at all.

Motion for production of papers and appearance of Messrs. Thorne and Perry made.

MR. CHAIRMAN: Isn't it possible for you to specify what particular papers you want? You are going to have two solicitors' offices and a dozen departments and these offices in Palmerston searched. Couldn't you give us something more definite, an agreement or any particular letter?

MR. PROUDFOOT: We want the agreement of the 18th of November. However, we will try and give you something definite.

Witness excused.

Dr. J. W. S. McCullough called and sworn; examined by Mr. Elliott.

MR. ELLIOTT: Dr. McCullough, I want to ask you a few questions with regard to the item of \$17,316, appearing on page 24 of the Public Accounts. Have you the accounts before you? . . . That, I suppose, is very largely salaries?

A.—It is all salaries.

Q.—Just as briefly as possible; give me an idea of the way in which the work is distributed among these different officials.

A.—Well, there is the chief clerk, Mr. Manchester.

Q.—Where does he stay?

A.—He lives in the city, and works in the buildings, of course.

Q.—Is that the case with all these other officials in the list?

A.—Yes, they all live in the city.

Q.—Where do they do the work for which these sums are paid?

A.—In this building.

Q.—That is, they are part of the inside service?

A.—Yes.

Q.—First tell us the duties you perform?

A.—I am Deputy Registrar-General, and responsible for the collection of vital statistics, births, marriages and deaths. I am also chief health official and Secretary of the Provincial Board of Health, and overlook in a general way the public health work of the Province.

Q.—Who exercises supervision over the other officials?

A.—Mr. Manchester is chief clerk and he gives them their work. He lays the work out for the different clerks and supervises and sees that the work is done.

Q.—Have you general supervision over Mr. Manchester—please define Mr. Manchester duties?

A.—He practically has charge of the work in the Registrar-General's branch.

Q.—What others are set out there?

A.—There is a second-class clerk, Mr. J. McGill Ridley. His work is chiefly checking over the returns made from the division registrars, chiefly marriages, returns made by clergymen, licenses, etc. Mr. J. McGill Ridley looks after the payment of division registrars in unorganized territory, which the Government pays.

Q.—These duties don't call him outside at all?

A.—No.

Q.—Does that apply equally to the other men?

A.—Mr. Manchester does go out sometimes. We find some division registrars dilatory in sending in returns and we send Mr. Manchester out at times to stir them up. He sometimes goes out at the invitation of municipalities to talk to associations of municipal clerks; he has done that on some occasions.

Q.—Take the second-class clerks. How are their duties divided?

A.—There is C. S. Horrocks. He is record clerk. When anyone applies for a record of a birth, marriage or death, Horrocks is the one who looks after that.

Q.—He has regular office hours?

A.—Yes, nine to five.

Q.—What days is he in the office?

A.—Every day in the week, except on Saturday afternoon. Rogers the same.

Q.—Barron

A.—Yes, he is here all the time.

Q.—The same is true of all the rest of them?

A.—Yes.

Q.—Including G. E. H. Johnson?

MR. MCGARRY: There is terrible circumlocution about this, but we are getting there.

MR. ELLIOTT: A. E. Belcher, was he out of town?

A.—Not that I know of.

Q.—So, that, from the statement given by you, at no time during the year 1911 did any of these men go outside of the city for the purpose of doing outside work?

A.—No, except Mr. Manchester.

Q.—And he did the work you have stated?

A.—Yes.

MR. MCGARRY: Why do you select 1911?

MR. ELLIOTT: That seems to have been a time for an unusual call for Government officials to go out.

MR. HARTT: It was a hot summer.

MR. ELLIOTT: It was not the summer so much as the fall. It was a pretty warm fall. . . . (To witness): Have you any way of telling when they are away? Who checks up their attendance?

A.—I don't think anyone does, particularly. At that time it was difficult to keep tab on the officers. They were scattered all over the building. Now I can keep tab on them. I can see them every day.

Q.—There is nobody charged with keeping track of their time?

A.—Not particularly.

Q.—If any of them were away without authority from you?

A.—Yes.

Q.—No report was made to you that any of them were away any length of time?

A.—No, sir.

MR. JOHNSON: You see a name—W. F. Jones there, don't you?

A.—Yes.

MR. JOHNSON: I might tell you something about Mr. Jones. He was a temporary clerk in the Department and lost his hearing and was thereby handicapped. Largely through Sir Mackenzie's Bowell's influence and my own, the Government kept him on permanently. Yet he was a Liberal of the Liberals. He came of Liberal stock for 75 years.

MR. ELLIOTT: You are not regretting that in any way are you?

MR. JOHNSON: No, but we ought to get a little credit for doing a thing of that kind.

MR. ELLIOTT: You are entitled to credit.

Witness excused.

Options for attendance of S. E. Todd, and Minister of Agriculture made.

MR. CHAIRMAN: I am not sure as to that. It is a very well-known rule that there is no way of compelling a Minister's attendance before this Committee. He may attend if he chooses. The reason is that you have the same opportunity of getting the information from the Minister on the floor of the House that you have here.

(Motion calling for report to the House suggesting issuing of Commission to take evidence of P. W. Sothman, J. Enge and A. J. de Muralt, moved by Mr. Elliott).

MR. CHAIRMAN: This Committee may express the belief, if it sees fit, that a Commission should issue, but of what effect is that. We cannot issue that Commission.

MR. ELLIOTT: This Committee could suggest to the House—I don't want the Committee to do anything beyond its power—but this Committee if it feels the evidence of these witnesses is necessary and material to the proper investigation of the matters under consideration, could suggest to the House that a Commission issue.

MR. CHAIRMAN: But this is a motion, to be passed by this Committee, which in effect doesn't do anything. You have had me summon these men here and I have been unable to get them here.

MR. ELLIOTT: This is taking the opinion of the Committee that it is advisable to have a Commission issue for the purpose of taking the evidence of these men. There is no question about it that the House has power to issue such a Commission to obtain the evidence.

MR. CHAIRMAN: We already have the opinion of the Committee on that. The Committee passed a resolution that they should be brought here. I would suggest that the form of this should be amended, that a report be made to the House and the House on that report could act.

MR. ELLIOTT: Isn't that substantially what this is—a request to the House to take the necessary proceedings. There is apparently no idea in the minds of the Committee but what it is well to have the evidence of these witnesses taken. They indicated that by sending for these witnesses. Since we haven't been able to secure the attendance of these witnesses it is necessary that steps should be taken to secure their evidence. If we cannot get them here we can send a Commission to take their evidence wherever they are. This is an expression to the House of the opinion that this evidence should be obtained.

MR. HARTT: Could Mr. Sothman be compelled to appear before that Commission?

MR. ELLIOTT: Yes, surely.

MR. HARTT: How? Supposing you issue a Commission to take the evidence over there, how can you compel him to attend if he doesn't want to? I do not see how you can. One witness through his solicitor has already refused to give any evidence before this Committee.

MR. ELLIOTT: He refused to come here.

MR. HARTT: He refused to give evidence because the matters were coming before the court.

MR. ELLIOTT: I may say in answer to the objection raised by my honourable friend, it is assumed that this Commission would have to sit in the recess and report to the House at the next session. The chances are a hundred to one that before next session there will be sufficient time to enable the taking of this evidence; that the matters now in liquidation will have been disposed of.

MR. CHAIRMAN: I believe in court in applying for a Commission you must give some ground for it. Usually there is some ground for applying for a Commission, while the effect of what you want here in making a request for a Commission, is asking the House to issue a Commission without giving any evidence as to why it should be issued.

MR. ELLIOTT: I understood the Committee had already shown a desire to have them here.

MR. CHAIRMAN: Quite so. But supposing I reported this resolution to the House, they will say, "Why should we make this expenditure; what is the ground for your application; what are you trying to show by these witnesses; what is the object of issuing this Commission? These questions would be asked in Court, and the same position will be taken here. If you recited in the resolution the grounds on which the Commission should issue, whether the evidence to be got is relevant to the issue, whether it is to accomplish anything, the House would be in a position to judge whether a Commission should issue or not.

MR. ELLIOTT: I presume that when the Committee states that the evidence of the witnesses is necessary, that the Committee expects the evidence they will give will be of some service, that should be reason enough. Perhaps it would be advisable to insert in there a few of the facts brought before the Committee, which is of the opinion that these men can give necessary evidence.

MR. CHAIRMAN: The Committee should not be asked—I do not suppose they will take the responsibility of saying a Commission should issue, if they have no grounds for believing that. No doubt if the matter came up in the

House you would be able to give the grounds there, but why not recite the grounds to the Committee, and if the Committee can say whether it endorses the resolution or not.

MR. ELLIOTT: I will undertake to recite that with reasonable detail.

A MEMBER: Do you mean on the floor of the House?

MR. CHAIRMAN: You cannot ask this Committee to endorse a request to the House without having some grounds for endorsing an application for a Commission. I would suggest that the resolution be amended.

MR. ELLIOTT: I appreciate the position taken by the Committee, that the Committee is more anxious to have the evidence of these witnesses, and I do not assume for a moment that they will change in that attitude here or in the House, and in view of that I will be very glad to make my resolution just as full as possible in regard to our grounds for asking for a Commission.

MR. CHAIRMAN: I think it is desirable that the Committee should be in a position to judge whether the evidence is relevant, whether there is good ground on which to base an application, or whether we should go to the expense and trouble of getting this evidence. Supposing—we had the other day a substantial expenditure, we had a gentleman here named Stewart from Rochester, and he said absolutely nothing. If we get Mr. Enge here we may be in the same position again. The Committee, you will admit, are surely entitled to know what the relevancy will be of the evidence these men will give or whether they will give any, before we place ourselves in the position of recommending a Commission.

MR. ELLIOTT: I do not think that is unreasonable. I will be pleased to amend the motion.

MR. CHAIRMAN: The Committee cannot judge the relevancy of it until they hear your reasons.

MR. ELLIOTT: Perhaps it is not advisable to take up the time of the Committee, waiting until the resolution is amended. We can bring it in at the next meeting.

MR. CHAIRMAN: That was my idea.
The motion was withdrawn.

MR. ELLIOTT: Then in regard to the time of meeting. I think we are all agreed that we want to get through the business of this Committee and the House at as early a date as possible, and it seems to me that in view of our past experiences in this Committee that things are rushed in the last week. During the last week the House frequently meets at 11 o'clock, and the time of the Committee is cut into by the House meeting and thereby dissolving the Committee. I am sure there is a great deal of work to be done yet in this Committee —

MR. CHAIRMAN: That is apparent.

MR. ELLIOTT: Yes, it is apparent that there is a great deal and that is why I suggest that we meet as early as possible. I think Tuesday. We should meet on Tuesday at the latest.

MR. CHAIRMAN: I don't work on Sunday and I won't be here on Monday. If we meet Tuesday that will preclude a quorum of the Committee. For that reason, I do not see how we can get here earlier than our ordinary time. To-day we sat here three hours. On Wednesday we can get here at 10.30 and sit until 1.30.

MR. BOWMAN: Any chance of meeting at 10 o'clock?

MR. CHAIRMAN: That is a little early.

MR. ELLIOTT: It is possible that the work of the House will not be continued into next week.

MR. CHAIRMAN: I don't think there is a shadow of a chance, judging from your athletic performances, that the House will adjourn before next week.

MR. ELLIOTT: I should say that on account of the very opposite performances of the Government members there were delays.

The Committee then adjourned.

PUBLIC ACCOUNTS COMMITTEE.

April 16th, 1913.

The Committee met at 10.30 a.m.

MR. CHAIRMAN: There are a lot of returns here. I see Mr. Todd here. He seems to be the only witness.

MR. BOWMAN: The motion in connection with this matter is for Mr. Rogers, Mr. Todd and Mr. Hurd.

MR. CHAIRMAN: Mr. Hurd is also here, but Mr. Rogers is ill.

MR. BOWMAN: I would like to have Mr. Hurd first, then we can take Mr. Todd.

Mr. H. E. Hurd, called and sworn.

MR. BOWMAN: I see, Mr. Hurd, there are two items here for veterinary services in connection for the Hospital for the Insane at Toronto, and one of the same kind in connection with the Prison Farm at Guelph? Kindly tell me what services you rendered?

A.—For the Prison Farm at Guelph I tested a herd of cattle—nineteen head in all.

Q.—For what?

A.—Tuberculosis.

Q.—What was the result of that test?

A.—The result was that two reacted, in the eighteen head. There were eighteen head of cows and a bull. Two of the cows reacted.

Q.—What do you mean by reacted?

A.—They showed tuberculosis.

Q.—Two showed tuberculosis?

A.—Yes, out of the eighteen.

Q.—Did you perform similar services at Mimico?

A.—I treated some cows for the Mimico Asylum—or the Queen Street Asylum; I always refer to it as the Mimico Asylum. They had three cows there. They lost two; one anyway. It died. I had been treating them some little time.

Q.—At Guelph you found two?

A.—They were tested at Queen Street and charged through there.

Q.—I see That is all, Mr. Hurd.

Mr. S. E. Todd, called and sworn.

MR. BOWMAN: You hold the position of Farm Director in connection with the Provincial Secretary's Department, Mr. Todd?

A.—Yes, sir.

Q.—What are your duties?

A.—I have full charge over the farms of all the Institutions of the Province.

Q.—What farms?

A.—Brockville, London, Kingston, Mimico, Woodstock, Orillia, Penetang, Whitby, Toronto.

Q.—Have you anything to do —

A.—And the Prison Farm at Guelph.

Q.—You have direct charge of these farms?

A.—Yes, direct charge.

Q.—You heard the evidence given by Mr. Hurd regarding the examination of a herd of cattle at the Prison Farm?

A.—Yes. In certain cases they were found with tuberculosis.

Q.—Can you tell me what became of those cases?

A.—Yes, I can tell you, I think. We shipped a number of them to Whitby some time ago, at the end of July, with the intention of finding out if they were possibly fit for killing. Then eventually they were shipped to Toronto and killed under veterinary inspection; in fact, there was double inspection, and one of the carcasses was condemned.

Q.—You have a regular organization at Whitby in charge of the farm; who had charge of the cattle?

A.—S. G. Bailey had charge of the farm, and William Robinson was in charge of the cattle. He is not now employed there.

Q.—I see here in connection with the Toronto Asylum there is an account of Wm. Robinson, cow man. Would he be the same party?

A.—The same man. You will understand that the herd at Toronto was moved to Whitby, and we had been supplying the Toronto Asylum from Whitby.

Q.—With milk from these cows?

A.—Not these cows. You will understand there is a distinction between the Guelph cows that went to Whitby and the Toronto asylum cows that went to Whitby.

MR. CHAIRMAN: Cows were shipped from the Prison Farm at Guelph and cows from the Asylum were also shipped to Whitby?

A.—Yes, sir.

Q.—And who were they under the care of?

A.—William Robinson.

MR. MCGARRY: Was this milk all pasteurized?

A.—Yes, thoroughly pasteurized. We put in a pasteurizing plant at the Toronto system for the purpose of assuring ourselves that our milk would be of the best quality, and that milk has given a test of 99 *per cent.* pure after being pasteurized.

MR. CHAIRMAN: You mean pasteurization gets rid of the tuberculosis?

A.—It gets rid of all kinds of germs and leaves the milk practically sterile.

MR. BOWMAN: How about the meat.

A.—The meat, of course, was not consumed at all. The meat was sold and then it was given a thorough inspection, a double veterinary inspection.

MR. MCGARRY: That is by Dominion Government inspectors?

A.—Yes.

Q.—Before the carcasses were used?

A.—Yes.

MR. BOWMAN: That is all.

(Witness excused).

MR. CHAIRMAN: I have heard from Dr. Colquhoun. He says:

“This is to certify that Col. Belcher is at present confined to his bed with a severe cold and will probably be indisposed for two or three days.
“J. C. COLQUHOUN.”

MR. CHAIRMAN: We will have to wait and get Col. Belcher later on. There is a motion here on the Agricultural Department. Mr. Roadhouse was here a few minutes ago. The return is asked for in connection with an item of \$11,060 on page 322, and \$9,946 on page 323. The motion embraced more than that, but I had a talk with Mr. Clarke about it and he told me these were

the two items covering the particular expenditure he wanted to inquire about, and Mr. Roadhouse is here with the accounts and vouchers in connection with these two items. . . . Mr. Roadhouse tells me that the \$11,060 is really an expenditure of the Public Works Department. I suppose on buildings.

MR. BOWMAN: Mr. Elliott moved in connection with something. I have just sent for him.

MR. CHAIRMAN: The motion is by Mr. Clarke and Mr. Sinclair. It was Mr. Elliott that moved for Col. Belcher's attendance.

MR. ELLIOTT: Where is the motion made in connection with this matter?

MR. CHAIRMAN: Here it is: "Moved by Mr. Clarke, seconded by Mr. Sinclair, that the Minister of Agriculture be requested to attend at the next meeting to explain the items of \$42,000 odd on page 325, the item of \$11,000 odd on page 372, and the item of \$19,000 odd on page 323." Well, I saw Mr. Clarke on the suggestion of the Department, to ascertain, a little nearer the mark, what was wanted, because that embraced the bringing of a large portion of the vault upstairs here, and Mr. Clarke said it was the two items of \$11,000 odd and \$19,000 odd. Mr. Roadhouse says that the \$11,000 item is under the Public Works Department. He is here with the accounts and vouchers for the \$19,000 item.

MR. ELLIOTT: On what page is the \$19,000 item?

MR. CHAIRMAN: On page 323.

MR. ELLIOTT: And where is the \$11,000 item?

MR. CHAIRMAN: The \$11,000 item is on page 372.

Mr. W. B. Roadhouse, called and sworn.

MR. ELLIOTT: Were not particulars asked for of the item of \$42,569, on page 325?

MR. CHAIRMAN: It is exactly what I told you. I went to Mr. Clarke in the House about it. The Notice of Motion is this, and he said he would make some inquiries. He came back and told me that they would not want that item, that it was the other two.

MR. ELLIOTT: As I understand the matter, what they wanted to investigate particularly was the work in connection with the office in the Old Country and the employees in that office.

MR. CHAIRMAN: If you will notice the Order paper, there is a Return asked for in connection with the Old Country Office and Mr. N. B. Colcock, and it covers the \$19,000 and the \$11,000. Mr. Clark said that these were the two items that you wanted particularly.

MR. ELLIOTT: I assume that the work of Mr. Colcock is covered largely by the item of \$42,000.

MR. CHAIRMAN: We will get that. If you want it, we will have to get it for you. I am just telling you how it happened that we haven't it here. The Department says it would be a tremendous task to hunt this up, and they asked me to get at more nearly what is required. They said, if you do, it would help us a great deal. I made the suggestion to Mr. Clark with the result I am telling you.

MR. ELLIOTT: I assume that the item of \$19,946 is simply advances to passengers, is it not?

MR. ROADHOUSE: Yes.

Q.—These advances have been largely repaid by the passengers after they came out.

A.—Yes, largely.

Q.—Has that anything to do with the payments made to officials?

A.—No, not at all.

Q.—Or the clerks in the London office at all?

A.—No, not at all.

Q.—So that we can dispose of that shortly. . . . Do you know what amounts have been received back of the \$19,946?

A.—Roughly speaking, I think between 80 and 90 *per cent.* have been received. I cannot tell you the exact figures.

Q.—What about the amount yet outstanding?

A.—We hope to get as much of it as possible, if we don't get it all.

Q.—Have you got from Colcock vouchers to show how he has used that \$19,946?

A.—That covered the whole \$19,946.

Q.—And you say that that has all been paid to passengers?

A.—Oh, yes, certainly.

Q.—What is the amount paid to each passenger?

A.—Not exceeding \$20 to each passenger. It is generally a matter of £4, which figures out about \$19.46.

Q.—What class of immigrants are those?

A.—Domestic servants and experienced farm hands. The money is only paid after the immigrant has been investigated by a member of the staff on the other side of the water.

Q.—Tradesmen are not included in this list?

A.—Not at all.

Q.—And the advances are simply made after the immigrant passes the regular investigation; who conducts that investigation?

A.—It is conducted under the direction of the Agent of the London Office, and any member of the staff may, if it is convenient to do so.

Q.—As far as the outstanding 10 or 15 *per cent.* is concerned, you have not abandoned your efforts to get that back? You are trying to get it?

A.—Yes.

Q.—I may assume these items have nothing to do with the expenditure on the Office there, but I would like to run over the vouchers. I assume that you have checked them over and that they are correct?

A.—Oh, yes.

Q.—The item of \$11,068.85, that appears on page 372?

MR. CHAIRMAN: This one comes through the Public Works Department.

MR. ROADHOUSE: And it was spent through the Public Works Department. The accounts did not come through our office at all.

MR. ELLIOTT: Well, does that deal at all with salaries paid?

A.—No, except salaries paid to labourers on the building. I presume they would be included in that.

Q.—It does not deal at all with the clerks?

A.—It does not deal at all with the salaries of the staff. It would be wages for construction.

Q.—What do you mean by accountable?

A.—He has received that amount of money. With assisted passages we send in a requisition for \$10,000. Here is the first one, January, 1912, \$10,000; the next is in June, 1912. He received that money and loaned it out, and for each loan he receives a receipt which he returns.

Q.—Just devote yourself to the advances for this particular purpose.

A.—I have nothing to do with that. I was just explaining the system.

MR. CHAIRMAN: He knows nothing about that. That is under the Public Works Department.

A.—Yes, that is under the Public Works.

MR. ELLIOTT: If you will have these vouchers produced, we will have an opportunity of looking over them, and, if necessary, we will examine someone in regard to them. . . . Regarding the item of \$42,962, appearing on page 325, do you know anything about that?

MR. CHAIRMAN: Mr. Elliott, if you want to get all the papers in connection with that, we will get them. There is no use in examining the witness now.

MR. ROADHOUSE: That item includes Ontario work. If there are any salaries for any items which you feel would not be included, we won't get them. That would somewhat simplify matters.

MR. ELLIOTT: What we are concerned about, I am advised, is the salary branch of that office. We would like the vouchers in regard to all the items paid out in salaries. We would like a list of the clerks who have been in the Office and have been paid during the year for which these Public Accounts are given.

A.—We can get them for you.

MR. CHAIRMAN: What you want is a list of employees and salaries.

MR. ELLIOTT: A list of the employees, their duties and their salaries.

MR. ROADHOUSE: We can get them.

MR. CHAIRMAN: Mr. Roadhouse can bring a list with the salaries, and he can explain them.

MR. ELLIOTT: If you can get hold of that and produce the papers, I do not think these other things, that are outside the service, you need bother with at all.

MR. ROADHOUSE: I will get these items bearing on salaries, and any items bearing on that you wish me to.

MR. CHAIRMAN: Is that all?

MR. ELLIOTT: Yes, that is all.

MR. CHAIRMAN: Mr. Thorne is here from Palmerston and wants to get away again, I believe.

MR. ELLIOTT: Is Col. Belcher here?

MR. CHAIRMAN: I read a certificate from a doctor that he was ill. He wouldn't be able to be here for a couple of days.

MR. PROUDFOOT: I want to complete the examination of Mr. Taylor before going on with Mr. Thorne.

MR. CHAIRMAN: Very well, Mr. Taylor is here. I thought you asked to have these other people produce the books before you went further.

MR. TAYLOR: I am living here, and I can come again. Mr. Thorne wants to get away to-night.

MR. CHAIRMAN: I only called Mr. Thorne because I thought you wanted the books. I thought you said you would have to have the books before getting along.

MR. PROUDFOOT: All the papers aren't here.

MR. CHAIRMAN: Mr. Montgomery said he could come on a telephone message and bring the papers, and I have telephoned down, and he is bringing his papers with him.

MR. PROUDFOOT: Have you the papers with you, Mr. Taylor?

MR. TAYLOR: I have the private ledger and several other papers. The Department have some of the papers.

MR. PROUDFOOT: Some of the papers from the Department are here.

MR. TAYLOR: Have you got the papers from the Department Solicitor?

MR. CHAIRMAN: Mr. Stewart was to produce some papers.

MR. TAYLOR: Stewart and Montgomery's papers are duplicates, I fancy.

MR. CHAIRMAN: Mr. Armstrong says he made inquiries of Mr. Stewart who says he gave the papers to Mr. Thorne when he undertook the arbitration. Mr. Thorne says he gave them back to Mr. Stewart, so they are afloat somewhere. You could examine Mr. Thorne, you may find out where they are.

MR. PROUDFOOT: But that breaks into the sequence of the story.

MR. CHAIRMAN: There are no secrets here.

MR. PROUDFOOT: I said sequence, not secrets.

MR. CHAIRMAN: I thought you said secrets.

MR. TAYLOR: I think Mr. Perry here could explain some of these things.

MR. PROUDFOOT: Who is Mr. Perry?

MR. TAYLOR: He was our manager. He looked after the books.

MR. PROUDFOOT: Have you got your claim?

MR. TAYLOR: No.

MR. PROUDFOOT: Have you copies of the replies you got from the Government?

MR. TAYLOR: You mean what I wrote to them and the replies I got to our letters? They are in the solicitors' hands. There weren't many letters.

MR. PROUDFOOT: Have you telephoned for Mr. Montgomery?

MR. CHAIRMAN: I have telephoned for Mr. Montgomery and he said he would be right up. I just got the letter when I came up to the Buildings and I telephoned him then. It was half past ten o'clock then. . . . There are three or four witnesses here. Surely we can get on with some of them. Do you want to go on now, Mr. Proudfoot? There are other witnesses here for other purposes.

MR. PROUDFOOT: Other matters.

MR. CHAIRMAN: Yes, but they will take up the whole morning.

MR. PROUDFOOT: I don't want to keep these gentlemen waiting, but I would like to have those papers here.

MR. CHAIRMAN: You will have them before you get through.

MR. PROUDFOOT: But you know the difficulty of going on, and having the papers come when you have got along some way.

MR. CHAIRMAN: Yes, when you are guessing it is always difficult to know what you are about.

MR. PROUDFOOT: Then I will take Mr. Thorne and go on with him.

Mr. L. E. C. Thorne called and sworn.

MR. PROUDFOOT: Mr. Thorne, I believe you were in the employ of the Ontario Government?

A.—I was, yes.

Q.—When did you enter?

MR. JOHNSON: I think we have had difficulty in hearing the questions and answers given. There is too much of this tete-a-tete business going on. I would suggest to the honourable gentleman that if he would face the audience and let us have the questions and answers more clearly it would be easier for us to understand. Sometimes the reporter does not hear what is said.

MR. CHAIRMAN: I put the witness further away so that everybody could hear.

MR. JOHNSON: Speak out in the meeting and let us hear what you have to say.

MR. CHAIRMAN: Talk the way you talk in the House.

MR. PROUDFOOT: When you are making remarks across the floor of the House.

MR. PROUDFOOT: When did you enter the employ of the Government, Mr. Thorne?

A.—Early in 1905; I think in March.

Q.—What position did you hold?

A.—I do not know that I had a name. I was a sort of special accountant to Mr. Hanna.

Q.—And you remained in that position how long?

A.—About two and a half years.

Q.—Can you tell me exactly when you left the employ of the Government?

A.—I cannot.

Q.—Was it in the year 1907?

A.—It was about the late summer or early fall. I cannot tell the exact date.

Q.—And after you left the Department did you remain in the city here?

A.—For several months. I went to Michigan; was away about a year and returned to the city.

Q.—That would be about the fall of 1908 you returned to the city?

A.—I think it was in mid-winter, the winter of 1908-9 I returned.

Q.—Have you remained in Ontario ever since?

A.—I have.

Q.—After you came back where were you employed?

A.—With Staunton's, Ltd., wall paper.

Q.—You remained until when?

A.—Until July, 1912.

Q.—Was that in July—did you know Mr. Taylor then?

A.—I did.

Q.—Did you purchase the business of the Taylor, Scott Company?

A.—An interest in it.

Q.—With Mr. Perry, who had been a book-keeper with the Taylor, Scott Company?

A.—Book-keeper and manager.

Q.—During the time you were in the employ of the Government did you have anything to do with the Central Prison?

A.—Considerable.

Q.—In what way?

A.—Well, the entire system of book-keeping in connection with the Central Prison was reorganized. I had charge of that. I installed the new system. The Central Prison north shop had been conducted as a Government industry up to the time of beginning the Taylor, Scott contract.

Q.—That was in September, 1905?

A.—I think that was the date, yes, sir. I went into the operation of that shop and other shops.

Q.—That is, as accountant?

A.—Yes, sir. I found out how we were making out financially. I made my report and recommendations to Mr. Hanna. He acted on some and didn't act on others.

Q.—Then you know Mr. Taylor of the Taylor, Scott Company?

A.—Not until I was introduced by Mr. Hanna.

Q.—When?

A.—Some three months before they took over the contract, I suppose.

Q.—You knew him from 1905, during the time he was carrying on the work at the Central?

A.—I did.

Q.—Had you any knowledge of what he contracted to do?

A.—I knew probably better than any other disinterested party.

Q.—Did you have anything to do with promoting that contract?

A.—Practically all—except putting in the legal phraseology.

Q.—Then in 1908-9 were there any disputes between them? Between the Taylor, Scott Company and the Department?

A.—Of course I was not in a position to know of my own knowledge. I was told there were.

Q.—When did you become aware there was a dispute between the Taylor, Scott Company and the Department?

A.—That is pretty hard to answer. There were minor disputes all through their entire contract, in the early steps, after they had been going for a year or so; and they became more complicated, and accumulated one after another during the entire time the contract was in operation. It is hard to say when I first learned about it.

Q.—You knew it did result; that it finally resulted in Mr. Taylor taking proceedings by way of a petition of right?

A.—He applied for a fiat, I understand, sir.

Q.—Did you hear he applied for a fiat?

A.—I did.

Q.—Did you discuss the question of a fiat with Mr. Hanna?

A.—No, I do not think I did.

Q.—Did you discuss it with anyone in connection with the Government?

A.—I did not. I am sure I did not. I may have remarked, "I notice Taylor is applying for a fiat," or something of that kind, but I did not go into the merits of it with anyone. That is, up to November, 1911.

Q.—Up to November, 1911, did you know exactly what the whole dispute amounted to?

A.—Oh, no.

Q.—How were you brought into it November, 1911?

A.—In November, possibly in October, or along about that time, Mr. Hanna called for me and advised me that a fiat had been granted to Taylor and arranged that I should go into the matter—rather against my own wishes, I might say—with a view to having me summoned as a Government witness.

Q.—That was the first thing? He wanted you to take it up to qualify yourself as what we might term an expert who has given careful attention to the whole transaction?

A.—Possibly you would put it that way.

Q.—That is what you understood?

A.—That was the idea, certainly.

Q.—How many interviews did you have with Mr. Hanna in reference to it?

A.—I cannot say definitely. Four or five, probably.

Q.—Did Mr. Hanna supply you with a statement of the claim made by the Taylor, Scott Company?

A.—No, that was in the hands of the attorney, A. M. Stewart, and Mr. Hanna asked me to consult Mr. Stewart, which I did with considerable frequency. He laid all the information which he had before me. I went into the matter with him. I understood he was to be one of the attorneys for the Government. I supposed he was preparing me for a witness.

Q.—Have you the papers?

A.—I have not.

Q.—What did you do with the papers?

A.—I had a large number of papers which I returned to the parties from whom I received them, Mr. Stewart, the Central Prison, and the Taylor, Scott

Company. The only other papers I had were letters advising me of what I already knew, that the matter had been referred to me, and copies of the award which I made. Then, of course, I had the sheets on which I made my calculations. These were kept for some time and when I moved my household effects to Palmerston I do not know what became of them; I haven't seen them since; I looked for them.

Q.—What papers you had were either destroyed or handed to Mr. Stewart?

A.—No. They were either handed to Mr. Stewart or the Central Prison, or the Taylor, Scott Company.

MR. CHAIRMAN: The parties from whom you got them. The others, your own papers, were lost?

A.—They were entirely personal papers. Nobody knew anything about them.

Q.—You had a number of interviews with Mr. Hanna. Did Mr. Hanna take the ground that the claim was an unfounded claim?

A.—He stated frankly that undoubtedly Taylor, Scott Co. had a just claim, but he was not prepared to place any amount or anything of that sort.

Q.—Did he ever place an amount on it?

A.—Not to my knowledge.

Q.—Not to you?

A.—No.

Q.—It was a claim which he intended should be contested?

A.—He certainly was unwilling to admit that the Taylor, Scott claim was just, for the total amount of the claim. The difference in figures was the matter which he intended to have discussed or contested.

Q.—Can you tell me what amount he was prepared to admit as being a just claim of the Taylor, Scott Company?

A.—I can not.

Q.—Not approximately?

A.—I can't.

MR. CHAIRMAN: He says Mr. Hanna did not tell him.

MR. THORNE: I never heard anything of that kind from any person from the Government.

Q.—You must have had some figures in going over it?

A.—Mr. Hanna said that "undoubtedly this man had a just claim, for something, and we have a counter claim." No one connected with the Department, Mr. Stewart or anyone connected with the Government, ever advised me what they considered would be a fair sum to give the Taylor, Scott Company.

Q.—After you had gone into the matter with Mr. Hanna in that way, did you meet Mr. Taylor. I am speaking of before the 18th of November, the date of the agreement between the parties to refer it to you?

A.—I met him frequently. We were both living in the city. We were friends. We discussed the matter in a casual way. I cannot say that we went into it in detail at all.

Q.—You knew from Mr. Taylor what kind of a claim he was putting forward?

A.—Yes, I knew that for some time.

Q.—You knew he was proceeding by what is called a petition of right against the Government?

A.—I had heard it called a fiat.

Q.—First you get the fiat and that is followed by the petition of right.

A.—I knew he had asked for a petition of right and that it had been granted.

Q.—He had a lot of difficulty in getting a fiat?

A.—Yes.

Q.—Did you assist him?

A.—I did not.

Q.—Did you take any steps to assist him in getting it?

A.—No, sir.

Q.—Then we came down to the meeting spoken of by Mr. Taylor the other day, of the 18th of November. Do you remember who was in Mr. Hanna's office? Were you present at that meeting?

A.—I was.

Q.—He also stated that Mr. McNaught was present as well as Mr. Hanna and Mr. Taylor?

A.—That is right—the four of us.

Q.—What took place prior to the signing of the agreement that day?

A.—I think it was Mr. McNaught suggested that possibly the matter could be more satisfactorily settled by being referred to a referee. He was the one who first made the suggestion but he did not name any parties. I think Mr. Taylor expressed his approval of that and I think suggested one or two. For one I am quite sure he suggested Clarkson and Cross. It was Mr. McNaught suggested myself. Mr. Hanna and Mr. Taylor agreed to that and I agreed to it. Mr. Hanna dictated the agreement and it was signed.

Q.—Have you that agreement?

A.—I never had it. Mr. Hanna mailed me a copy; it was with my personal papers and correspondence.

Q.—Was everything harmonious at that meeting?

A.—Why, no. You would hardly expect it when you find one man fighting to get a lot of money and another man fighting not to pay it. It was not harmonious, surely.

Q.—Was anything said during that time about any particular sum?

A.—No—you mean the amount of the claim—not that I remember.

Q.—Did Mr. Hanna say anything about \$8,000?

A.—I don't know of it.

Q.—At that or any other interview was any sum mentioned as being the amount the Government were willing to admit?

A.—Not in my hearing.

Q.—Did anything further take place at that interview?

A.—No, beyond the detailed conversation, which I cannot remember.

Q.—What did Mr. McNaught have to do with it?

A.—I think Mr. McNaught was largely responsible for calling the meeting. He called it with a view of having the matter referred to a referee instead of letting it go to court. He got the two together with the idea of accomplishing that.

Q.—Had you been spoken of up to that time as the person who would adjust the account, or as arbitrator?

A.—I would not like to say I had not, although there was no agreement between the parties, no understanding that that would be done, as far as I knew.

Q.—What I want to get at is; up to the time you were there that day had it been suggested in any way, by either of the parties, that you should be the arbitrator between the parties?

A.—Well, Mr. Hanna had expressed a willingness to have the matter referred to three arbitrators, of whom I should be one. He did not name the others. Mr. Taylor had consented—I do not know just what he had consented to, but he had consented to that with certain conditions. I don't remember just what they were now.

Q.—Who was to be the third arbitrator?

A.—He was to be appointed by the two.

Q.—Which side were you to represent in the arbitration of that account?

A.—I do not know. I think either one was willing to name me. But that didn't get to a head at all. It was just discussed, suggested.

Q.—That was suggested at an interview between you and Mr. Hanna?

A.—Yes, and at talks Mr. Taylor and I had together. The three of us had never gotten together before.

Q.—Then the result of this was that Mr. Hanna drew up this agreement?

A.—Yes, sir.

MR. PROUDFOOT: I wonder if Mr. Montgomery is here?

(Document produced by Mr. Montgomery).

Q.—Probably you can recognize this, Mr. Thorne, if it is a copy of the document that was drawn up then?

A.—I am reasonably sure it is. Yes, sir.

MR. PROUDFOOT: This is dated the 18th of November, 1911, Exhibit 46.

Q.—What was the rush on the 18th of November for having this closed up?

A.—The rush was largely on the part of Mr. Taylor, who had been trying to get it closed up for some time, as he was anxious to leave the city on account of his health.

Q.—Up to that time you had been unable to get together?

A.—That is it.

Q.—How did you come to get together then; what means were taken to get the parties together then?

A.—It was entirely because of Mr. McNaught, I think. Possibly I helped, I tried to.

Q.—Following that up; what argument did you use with Mr. McNaught to induce him to get the matter disposed of?

A.—I didn't say I attempted to induce Mr. McNaught, because I didn't.

MR. CHAIRMAN: You had better ask him if he did.

MR. PROUDFOOT: Did you have any talk with him about it at all?

A.—I think Mr. McNaught called me up and asked me to come down and see him. That was the start of it with him.

Q.—Did you discuss the amount with him?

A.—I did not.

Q.—What did you discuss with him in reference to this matter?

A.—We were trying to find what we could do to persuade Mr. Taylor and Mr. Hanna to settle the difference without going to court. It would be less expense, and less trouble.

Q.—What did you arrive at?

A.—Mr. McNaught sounded me with a view to persuading them to arbitrate, to appoint a referee.

Q.—Were there any reasons discussed at that interview as to means of inducing the Government to take the matter up?

A.—I do not know that there were, other than the points of economy and good feeling.

Q.—No personal matters, or anything of that kind?

A.—Not that I know of.

MR. CHAIRMAN: Surely personal matters should not come into this inquiry. We are here examining items of expenditure.

MR. PROUDFOOT: I am quite aware of what I want to get at.

MR. CHAIRMAN: But you must keep within reasonable bounds. We have sat here and allowed you to wander far afield. We are getting near the end of the session and you will have to keep within bounds.

MR. PROUDFOOT: It is not our fault. We would have been here before this.

MR. CHAIRMAN: You will have lots of opportunity. You were not prepared to go on this morning when we were ready.

MR. PROUDFOOT: Yes I was.. I was prepared if the witnesses were prepared with the documents.

MR. HARTT: The Committee is very much dissatisfied, as one of them I am very much dissatisfied with the method of examining the witnesses. We are wandering away from the point that we should be getting to, if there is such a thing as a point to it.

MR. MCGARRY: There is no point to it

MR. HARTT: I do not think there is.

MR. CHAIRMAN: I do not want to preclude anybody asking anything relevant. The members have the right to the evidence if they see fit. I am not here to object to everything, but there are limitations and we must keep within them.

MR. PROUDFOOT: I am quite within the limitations. I know what I am driving at; what I want to get at. I want, sir, to ask the witness if there was anything personal discussed?

MR. CHAIRMAN: That has nothing to do with the expenditure on Public Accounts. You know that as well as I do. Better than I do.

MR. PROUDFOOT: Sometimes it has a great deal to do with certain things. We should know what they discussed there.

MR. MCGARRY: He has told you about the settlement all right.

MR. CHAIRMAN: We have got Mr. Taylor here and two or three other witnesses and there are half a dozen matters standing. We will have to limit the time for them if we don't get on.

MR. HARTT: It looks to me as if we have been backing up for some time now.

Q.—Then, on the 18th of November, you were appointed arbitrator? And you made your award on the 24th of November; I think that is the date on the document here. That is right, is it?

A.—It is my signature anyway.

Q.—How many days were you occupied in taking evidence?

A.—Apparently six days, unless there was a Sunday in that.

Q.—Who were the lawyers appeared before you on this matter?

A.—There wasn't anybody appeared before me.

Q.—What witnesses did you examine?

A.—Mr. Stewart was the first, I think.

Q.—Who is Mr. Stewart.

A.—I understood he was to have been the attorney for the Government in case the matter went to trial.

Q.—Did you examine him as a witness?

A.—No, I didn't examine anybody as a witness. I went and talked it over with him and got his view of the whole thing.

Q.—Did you talk it over with Mr. Montgomery?

A.—Very briefly.

Q.—Did you get his view of the situation?

A.—On certain points

Q.—Who also did you talk it over with?

A.—Mr. Taylor, of course, and Mr. Perry, and Mr. Taylor's son, Warden Gilmour, Mr. Edgar, who was accountant or manager of the Central Prison industries, Mr. Armstrong, Mr. Rogers and Mr. Postlethwaite; possible some others, I remember those offhand.

Q.—You just talked the matter over with them?

A.—I went to them and went over whatever phase of the question they knew about. Where they had papers, I went into them in detail. I got their views, and I made such notes as I thought it was necessary to make.

Q.—What part of the time between the 18th and the 24th were you occupied in doing that?

A.—Practically all of it, unless there was a Sunday in there. I don't remember whether there was a Sunday or not.

Q.—I didn't look over it; very likely there was?

A.—Possibly.

Q.—No witnesses were examined under oath?

A.—Oh, no.

Q.—The lawyers didn't appear before you to argue the case?

A.—No. They had an opportunity of making an argument when I was there.

Q.—So there was really no evidence taken beyond your going into the matter in the way you have explained?

A.—I went to the offices, looked up the various matters and was given all the information asked for.

Q.—Quite so, but there was no evidence taken?

A.—Unless you take the books and documents placed before me as evidence.

MR. JOHNSON: The books and documents were the best evidence for you?

A.—I went from book to book, investigating.

MR. JOHNSON: Yes, the records and papers and documents were the evidence you were relying upon?

A.—Quite so.

MR. JOHNSON: You didn't need anybody to consult with about the books and documents?

A.—I wasn't entirely familiar with the method used. That was why I saw these people who told me what was what; how the books were handled.

MR. PROUDFOOT: Did you have an itemized claim before you, made up by the Taylor, Scott Company?

A.—I had. That was in the hands of Mr. Stewart, the attorney for the Government—or the contemplated attorney for the Government.

Q.—Do you know where that is?

A.—I returned it to Mr. Steawrt.

Q.—What was the amount of the claim?

A.—I think it was \$50,000.

Q.—Have you the itemized statement showing how that was made up?

A.—There were certain items shown in the details and certain other items Mr. Taylor frankly admitted would have to be settled by the referee. They were intangible values and a value would have to be put on them.

Q.—What was done with them?

A.—I put a value on them.

Q.—Did Mr. Taylor pretend to substantiate the whole claim?

A.—Of course.

Q.—And the statement he gave you was for all purposes?

A.—It was.

Q.—Did he withdraw any portion of it?

A.—Yes, he withdrew one of the items that was not valuated. There is a letter written to the Department at the request of Mr. Armstrong which gives

certain details of the claim and which shows the items he withdrew. I do not know that I can mention them to you. There was also a copy of that sent to Mr. Taylor. That was after the award was made.

MR. PROUDFOOT: Have you got that, Mr. Taylor?

(Document produced).

Q.—Is this the statement here? Is that the one that was made up by you—the original of it?

A.—Yes, I have not seen this since it was written. It evidently is.

Q.—Does that paper set forth the manner in which you arrived at your award, at least the figures which go to make up your award?

A.—It does. I made the award as shown there and signed it.

Q.—You knew the Taylor, Scott Company had been in the habit of settling every month?

A.—Oh, yes.

Q.—Now, I see here, one very large item, one of the largest: "Loss of profits due to lack of power." You allow \$17,756.19. How is that arrived at?

A.—I cannot tell you in detail. I can give you a general idea.

MR. CHAIRMAN: Of the way you worked it out?

A.—Yes.

MR. PROUDFOOT: Well, give me that.

WITNESS: It was a difficult item to value. In talking with Mr. Stewart, I asked him to express in words a formula for valuating that, granting certain conditions. He did so. I repeated that formula, I remember, to Mr. Postlethwaite. He was an accountant and no doubt had some good ideas on the subject. He was quite in accord with it. It seemed reasonable to me. I believe the conditions which I made in putting my hypothetical question, as you might call it, existed, and I applied the formula and worked it out on that ground. Just what that formula was I do not remember; I cannot tell you. It was a formula suggested by the attorney granting certain conditions. I believed those conditions existed.

Q.—And that is all the information you can give us as to how that item was arrived at?

A.—That is all I remember.

MR. MCGARRY: That should be quite sufficient.

Q.—I see the full claim was made up of \$40,072.64?

A.—The item which was withdrawn was not valued in that.

Q.—There is apparently something dropped, some claim not carried out. Now take the next largest item, you allowed "loss on profits through shut-downs" \$2,059.90. How did you arrive at that?

A.—Simply on a percentage basis. The Department gave a contract to run the shop for a definite time. I considered it their own fault that they were unable to do so. Mr. Taylor demonstrated to me that if the shop could have been kept going, if he had had more prisoners he could have done the business, by showing me orders for the same kind of goods he was supplying that he had

turned down. If he runs four years and makes a certain profit, if he runs four years and a month he makes that much more.

Q.—That was the basis?

A.—Yes.

Q.—Under the contract with the Taylor, Marshall Company they were to give the Government four cents an hour *per man*?

A.—That was a subsequent arrangement to the contract.

Q.—That was what the Government got and they were to supply the power.

A.—Yes.

Q.—Anything else besides the power?

MR. MCGARRY: You have the contract.

WITNESS: There were certain supplies. I have forgotten what they were.

Q.—Then the next largest item is machinery, paid for by the Taylor, Scott Company, \$7,832?

A.—That was something to be supplied by the Government, that was purchased and paid for by the Taylor, Scott Company.

Q.—From the details you figure it out at \$23,160.45?

A.—Yes.

Q.—I see you made an allowance on the Government claim of \$2,092.42? (Exhibit 47).

A.—Yes.

Q.—That is the way you figured out the award?

A.—Yes.

Q.—Have you given me all the facts and material you had for the purpose of figuring out this award?

A.—I have given you a good idea; all I remember.

Q.—Was the matter discussed with Mr. Hanna while you were acting as arbitrator?

A.—Only by telephone, I think. I do not think I saw Mr. Hanna personally.

Q.—You did see Mr. Taylor?

A.—I did. I told Mr. Hanna I would be glad to see him if he wanted to see me to discuss the matter.

Q.—Did you have a record before you? The defence put in by the Government?

A.—I think I obtained that from Mr. Stewart, as far as he cared to give it to me.

Q.—You knew in accordance with this defence they disputed any liability at all? I put in the record, Mr. Chairman? (Exhibit 48).

A.—Mr. Hanna didn't take that position.

Q.—You knew that was the position taken in Court?

A.—That didn't represent the views of the Provincial Secretary's Department.

Q.—What you say is that they admitted there was a valid dispute?

A.—They did.

Q.—Was any arrangement made as to how you were to be paid for your services in arriving at the award?

A.—That is shown in the reference to it.

MR. CHAIRMAN (reading): "The referee's fees to be fixed by W. K. McNaught and to be borne equally by the parties."

MR. PROUDFOOT: When did Mr. McNaught fix the remuneration?

A.—Some weeks after the award was made.

Q.—How did he fix it?

A.—He wrote a letter to the Provincial Secretary's Department and sent me a copy. I understand Mr. Taylor got a copy of it too.

MR. TAYLOR: I never saw it. I haven't a copy.

MR. PROUDFOOT: It is not here in these papers. Have you that, Mr. Stewart?

MR. STEWART: I never had that.

MR. MCGARRY: Mr. Armstrong may be able to get it.

MR. PROUDFOOT (to Mr. Armstrong): Have you any other papers?

MR. ARMSTRONG: No. They have cleaned up everything. The papers were shifted from place to place to such an extent that it was impossible to keep tab on them. I have searched everything in the files of the Department. I did that before when this matter was under discussion.

WITNESS: I am willing to swear as to the sense of that letter; the text of it.

MR. PROUDFOOT: Did Mr. McNaught fix the amount?

A.—Yes.

Q.—What amount did he fix?

A.—\$1,000.

Q.—I see by the Public Accounts you were paid \$500 by the Government?

A.—Yes.

Q.—How much did the Taylor, Scott Company pay you?

A.—\$750.

Q.—Why was that?

A.—Because I told Mr. McNaught I should have \$1,500, and Mr. Taylor agreed, and said he would pay his half at that price. He told Mr. McNaught so at the time, and he did.

Q.—So you thought Mr. McNaught docked you \$250?

A.—I did, and told him so.

MR. CHAIRMAN: You are not complaining about that?

MR. PROUDFOOT: I am not complaining about it.

MR. CHAIRMAN: I thought you were aiming at some object in all this.

MR. PROUDFOOT: I don't complain. I simply go on with what I am doing.

Q.—Is that the end of your connection with the matter?

A.—Yes. I didn't hear anything about it again until I heard from the Committee.

MR. CHAIRMAN: Anything more, Mr. Proudfoot?

MR. PROUDFOOT: I think not.

Witness excused.

H. M. Perry called and sworn.

Q.—What is your business, Mr. Perry?

A.—Manufacturer.

Q.—Carrying on business where?

A.—Palmerston.

Q.—You were in the employ of the Taylor, Scott Company; have you got the books of the firm?

A.—No. I did not get the notice until yesterday. I was out of town and it was forwarded to me. I haven't the books here. I believe, however, the statement shows everything in more detail than the books would show.

Q.—Which statement?

A.—The statement of claim, the original statement made by the Taylor, Scott Company. . . . I am not familiar with this stuff at all. This is part of it, but whether it is all I am not prepared to say.

MR. PROUDFOOT: That is Exhibit 43. Does that show all that your books will show?

A.—Yes, as far as I can remember now. I am not familiar with them now. It is some time ago and I have become interested in other things. I think they show everything the books would show. Mr. Thorne did bring down one of the books, but I don't think it would be of any use to you. He brought it down thinking there might be something in it. I have looked at it since and I do not think there is anything of use in it.

Q.—Nothing to do with this transaction?

A.—Nothing at all.

Q.—What we wanted you here for particularly was to get the books.

MR. CHAIRMAN: He told you he only got the message yesterday. It was advanced to him in Woodstock.

MR. TAYLOR: The notice was sent to Palmerston and was forwarded to him in Woodstock, and he came right here.

MR. PROUDFOOT: Is the Central Prison account here?

A.—No, no transaction covering that matter at all. The books do not show the details as well as the claim we made.

Q.—So that this book contains nothing at all in reference to that transaction?

A.—Nothing in reference to that transaction, as far as I know. I do not know what points have been raised here, but there is nothing I know of would be of interest to you.

Q.—Nothing in reference to the Central Prison?

A.—Oh, yes. The book was used while we were at the Central Prison.

MR. TAYLOR: This is for September and October at the Central Prison; that is the time report there.

WITNESS: I don't know anything about these details. We kept a book-keeper and he gave me details from time to time and I entered them.

Q.—Did you make any effort to retain from the Government the claims you had against them?

A.—We did.

Q.—Have you any correspondence about it?

A.—I had none at all. I think it was all given to Mr. Montgomery at the time. All correspondence or anything bearing on this matter was given to Mr. Montgomery.

Q.—Did you know why, having claims against the Government, you did not keep from them the moneys which you claimed were owing?

A.—I do not know that. Mr. Taylor had charge. I had nothing to do with that.

Q.—After the matter was referred to Mr. Thorne, did you have anything to do with the matter?

A.—Yes, Mr. Thorne examined me in reference to certain points. He came out to our office and I went into the question of the claim, showed him vouchers and papers.

Q.—That is, in connection with the claim?

A.—Yes.

Q.—Just you two together?

A.—I don't recall that.

Q.—Mr. Stewart wasn't there?

A.—Mr. Stewart wasn't.

Q.—Mr. Montgomery?

A.—Mr. Montgomery wasn't.

Q.—No one but your two selves?

A.—I wouldn't say that. There might have been someone in the office.

Q.—He was going over the matter particularly with you?

A.—Yes, particularly with me.

MR. PROUDFOOT: That is all.

(Witness excused).

Mr. Taylor called.

MR. PROUDFOOT: Mr. Taylor, have you any additional papers except these you produce; any letters from the Department in answer to the letters you sent making your various claims?

MR. TAYLOR: I have not. Our claims were made from time to time and our letters were handed to the solicitor.

MR. PROUDFOOT: He doesn't seem to have any letters.

MR. TAYLOR: There were very few letters. They didn't answer our letters.

MR. PROUDFOOT: Then you sent in claims and got no reply? When was this contract terminated, Mr. Taylor?

A.—It was a five-year contract, from September, 1905, and terminated in 1910, but we did not close down in 1910. We ran on for a few months—five or six months.

Q.—Did you get a notice on the 9th of February, 1910, that the contract would be terminated on the 1st of September. There is a copy of the notice.

A.—That is right. They gave us that notice. The contract would be terminated then anyway. It was a five years' contract.

MR. MCGARRY: It was at the request of the Government it was continued on?

A.—As I explained at the last meeting, they had taken away a lot of good men from us, and we claimed, and justly claimed, that we were entitled to compensation. Somebody suggested that we work out that compensation, which we did.

MR. MCGARRY: I understand your desire was to continue for a year or more and work out all the compensation. That was your desire?

A.—Yes. We were perfectly willing to do that. I think it was Mr. McNaught's suggestion that the Government should arrange a settlement rather than extend it such a length of time. He suggested referring the matter to arbitration to save solicitors' bills and unnecessary expenses.

MR. PROUDFOOT: But at that time, if I remember the dates, you were completely out of the business there. At the time of arbitration, you had been out of it some months before?

A.—Yes, that is so. The suggestion was made before that we should go on and work out our claim, which we were perfectly willing to do. If I am not mistaken I suggested that to Mr. McNaught.

MR. MCGARRY: You had the machinery there and a lot of stock?

A.—Yes, we had the stock and were ready to go on with the work. I think I made the suggestion to Mr. McNaught.

MR. PROUDFOOT: Your material wasn't there?

A.—Yes it was.

MR. MCGARRY: Everything was there ready to go on?

A.—Yes, everything was there ready to go on.

MR. PROUDFOOT: I understood you to say you had ceased several months before?

A.—We were practically out of business for a year waiting for these negotiations to come to a head, for something to be done, for the Government to do something. We were willing to go, and willing to move out. But we wanted to do something.

Q.—Didn't the Government repudiate your claim altogether?

A.—Not to me they didn't.

Q.—Didn't you get letters from them to that effect?

A.—No, not to my knowledge.

Q.—Didn't you get a letter from Mr. Rogers?

MR. MCGARRY: Who is that letter addressed to?

MR. PROUDFOOT: They haven't got the letter here. This refers to another letter replying to others of Mr. Rogers'.

WITNESS: I do not think there was ever a letter of that kind.

MR. PROUDFOOT: The Department keep copies of these letters, don't they?

MR. ARMSTRONG: Copies were kept of this correspondence, but in the shuffle between Mr. Thorne and Mr. Stewart and the Department, they were lost. That is why we are not able to produce this correspondence.

Mr. Proudfoot then proceeded to go through the files, and upon his suggestion that he did not want to keep the Committee waiting upon him, the Committee adjourned.

PUBLIC ACCOUNTS COMMITTEE.

April 18th, 1913.

MR. CHAIRMAN: Mr. Taylor, of the Taylor, Scott Company is here; do you want to go on with that now, Mr. Proudfoot?

MR. ROWELL: I want to go on with Mr. Pope.

MR. TAYLOR: I understood, when I came here, I was to be the first on the list. This is my third attendance. I want to get away as soon as I can.

MR. CHAIRMAN: There was a sort of understanding that Mr. Proudfoot would take this up at once so that Mr. Taylor could get away. Mr. Proudfoot said he would not be very long.

MR. ROWELL: You won't adjourn then until I get up again? I will come just as soon as you send me word.

Mr. Taylor, re-called.

MR. PROUDFOOT: You are not able to produce the agreement made with the Government?

A.—No. I told you I hadn't it. I gave everything to my solicitor.

Q.—Will you look at this paper, exhibit blank, and say if this, according to your recollection, is a copy? I am putting this in, Mr. Chairman.

MR. CHAIRMAN: You put one in the other day.

MR. PROUDFOOT: No, not on that agreement to refer to arbitration, which we hadn't the other day. What we had was the award, and the ———

MR. CHAIRMAN: All right, I thought we had that in. . . . Yes, we have it here. You put it in the other day with Mr. Thorne. You asked him to identify it. It is Exhibit 46 if you want to identify it with Mr. Taylor.

MR. PROUDFOOT: After that was signed then the reference went on?

A.—Yes.

Q.—I just want to ask you one or two questions. About what date was it you first applied to the Government for a fiat?

A.—I don't know. The correspondence would show that. That was done through the solicitor, Mr. Montgomery.

Q.—The papers show the fiat was granted on the 13th of March, I think that is the correct date?

A.—We applied several months before that.

Q.—Then you got the fiat apparently, according to the letter Mr. Montgomery produced here, the letter from Mr. Cartwright, on the 14th of March: "I enclose herewith petition of right and fiat," and the Lieutenant-Governor's name endorsed thereon. The solicitor got the fiat about that time?

A.—Yes.

Q.—Was there any condition attached to the fiat as to when it could be used?

A.—Not to my knowledge. I don't remember, I don't think there was.

Q.—You don't think there was?

A.—I don't think so.

Q.—You didn't act on it for some three months?

A.—Oh, yes we did.

Q.—You didn't file a petition until the end of June?

MR. CHAIRMAN: That might have been the solicitors' fault.

WITNESS: There were some negotiations for settlement.

Q.—I see service was made on the 23rd of June; you said you had some difficulty in getting a fiat. What members of the Government did you apply to?

A.—Mr. Hanna and my solicitor applied in the regular way to the Attorney-General.

Q.—What I want to know is what applications did you make personally and to whom did you apply?

A.—To Mr. Hanna, and Mr. Whitney.

Q.—Why did it become necessary to apply to Mr. Whitney?

A.—Because Mr. Hanna wouldn't give it to me, and I thought I would go to see Mr. Whitney.

Q.—What reason did you advance to Mr. Whitney why that fiat should be granted?

A.—That we had a good claim, and honest claim; that we were perfectly willing to go to court and put up security for costs; that we had no objection to the law settling it.

Q.—What other claim, other than the merits of your claim, did you advance at that interview?

MR. CHAIRMAN: Surely, you can't go into all that sort of thing. What has that got to do with it, with the investigation of these accounts?

MR. PROUDFOOT: It has a great deal to do with it.

MR. CHAIRMAN: What reason could there be other than the merits of the claim? What are you driving at?

MR. PROUDFOOT: I want the witness to tell us.

MR. MCGARRY: Why don't you tell us?

MR. PROUDFOOT: I would just as soon, Mr. McGarry, not make any statement, because my instructions may be wrong, and I would not like to make a statement unless the witness tells us. If you insist upon me stating what I expect to prove by it, I will do so.

MR. MCGARRY: I am not insisting, I am saying you are not entitled to ask that question in that way.

MR. CHAIRMAN: It is difficult for a man to say what statements he did make outside the merits of the thing.

MR. PROUDFOOT: The witness knows whether he did or not . . . what arguments did you use with Sir James Whitney outside the merits of your claim whereby you insisted on the Government granting that fiat?

A.—When I went to see Sir James I was told I could have three minutes. I think I had a minute and a half. I told him we had a claim against the Government, a good and just and honest claim; that if necessary we would give security; that we wanted a fiat.

Q.—What else?

A.—That is all the answer I am going to give to that.

Q.—I want to know what else you said, and the reasons you advanced why you should get the fiat?

A.—That is all the answer I am going to give to that question.

Q.—Why?

A.—Because that is all I will give. Because is a rather peculiar reason, but that is all the answer I will give.

Q.—Did you advance other reasons?

A.—I won't answer that, either.

Q.—Did you, as a matter of fact, make a threat to expose another member of the Government unless that fiat was granted?

A.—I won't answer that.

MR. CHAIRMAN: What has that got to do with the expenditure of the Public Accounts?

MR. PROUDFOOT: Everything in the world. I want to show—well, I won't say what it is I want to show.

MR. CHAIRMAN: You want to give all this to the public to show you are doing your duty. You are doing that very well.

MR. PROUDFOOT: I do know that I want to get to the bottom of this transaction (To witness): Do you decline to answer that last question?

A.—I do.

Q.—Why do you decline?

A.—I am not going to give any reason. I decline. I simply decline to answer that question.

MR. PROUDFOOT: Well, Mr. Chairman, I must ask you to insist on the witness giving the answer. We know Parliament has power to compel witnesses to answer the question. It was done at Ottawa recently.

MR. CHAIRMAN: No, it wasn't.

MR. PROUDFOOT: Well, the Government took steps when a man refused to answer—I think his name was Miller—and the result was, that I think, Mr. Miller is still confined in jail.

MR. MCGARRY: The question was relevant that time.

MR. PROUDFOOT: So is this.

MR. MCGARRY: Not at all. The cases are different. Mr. Miller stated that he had spent so much money in procuring business from the Government. He was asked in what direction he spent it, and he refused to answer. That was the situation there.

MR. PROUDFOOT: The situation here is that —————

MR. CHAIRMAN: The witness hasn't said anything. He says "I have given you my answer, all I am going to give you."

MR. PROUDFOOT: That itself shows the witness did make some statement, and I have a right to know what those statements were.

MR. CHAIRMAN: That depends on your frame of mind. It doesn't show anything to my mind.

MR. PROUDFOOT: When the witness says that he declines to answer a question—when you lead up to a certain point—and you ask him what else was said, and he states “I decline to tell you anything further about that interview,” it follows, without any great stretch of the imagination, that the witness has other reasons to give, and we have a right to know those reasons. Now, he has already refused to answer two questions, and the last “Did you, as a matter of fact, make any threat of exposure of any member of the Government unless you got that fiat?”

MR. CHAIRMAN: And he says “I have given you all the answer I am going to.”

MR. ELLIOTT: He says he declines to answer.

WITNESS: I am not going to answer that.

MR. PROUDFOOT: You decline to answer the question?

WITNESS: Yes.

MR. PROUDFOOT: Then, Mr. Chairman, I must ask you to rule that the witness is bound to answer the question.

WITNESS: Mr. Chairman, I came here in reply to a summons to answer questions with reference to an item of \$21,069 on page 237 of the Public Accounts, and I am here and will answer any questions about that.

MR. CHAIRMAN: That is just what I was going to say. As I recall it now, you asked him here to give evidence respecting an item of \$21,000 in the Public Accounts. Now, you can ask him anything in reference to that. We are here to investigate expenditures. You know, Mr. Proudfoot, that if you have any charge to make against anybody the proper place to make it is on the floor of the House. The function of the Public Accounts Committee is entirely apart from that.

Considerable discussion here took place and the Chairman then gave his ruling:

MR. CHAIRMAN: My ruling is that the question is irrelevant and need not be answered. Mr. Proudfoot appeals from the ruling of the Chair. The question is, shall the ruling of the Chair be sustained?

The ruling of the Chair was sustained, the yeas and nays being taken.

MR. PROUDFOOT: Later on you took this matter up with Mr. McNaught?

A.—I did.

Q.—That was shortly before the arbitration?

A.—Yes.

Appendix 1—16.

Q.—Who suggested that you take the matter up with Mr. McNaught, Mr Thorne?

A.—No.

Q.—Quite sure?

A.—Quite positive. My own solicitor knew nothing about it. It was my own suggestion.

Q.—You evidently saw Mr. McNaught?

A.—Yes.

Q.—Did you tell Mr. McNaught ———

MR. CHAIRMAN: Ask him what he told Mr. McNaught.

MR. PROUDFOOT: Surely, Mr. Chairman, with an adverse witness ———

MR. CHAIRMAN: I don't think he is an adverse witness, not by any means.

WITNESS: What is the question?

Q.—I am asking, did you tell Mr. McNaught the whole story?

A.—I went to Mr. McNaught and applied to him as a business man. I told him of the claim we had against the Government, told him we had finally succeeded in getting a fiat; talked the whole thing over. I told him I wanted to get the matter to trial; I wanted to go South for the winter, and asked him if he would assist in getting this matter to trial. He pointed out that it was very foolish for any business to go to trial and make up a big bill of costs, and suggested it might be settled by arbitration.

Q.—What was the date of that?

A.—Let me finish. It was purely his suggestion. I was willing to accept arbitration. I was willing to do anything to get the matter settled. We had nothing to conceal. Mr. McNaught heard my story and a few days after it was suggested that arbitration be held, and I think it was Mr. McNaught suggested Mr. Thorne. I want to say that at that time Mr. Thorne was appointed by the Government as a sort of star witness, and I think had received a retaining fee from the Government. It might be considered unusual for me to accept him as arbitrator, but under the circumstances—I knew he was thoroughly honest in every way and I was perfectly satisfied to take Mr. Thorne's award.

Q.—What retainer did he have at that time?

A.—As a witness, to go into the matter with their solicitors.

Q.—You mean it was a financial retainer?

A.—I think so.

Q.—To what extent?

A.—\$25 or \$50. I am not sure about that part of it though. I think that was talked of.

Q.—How many interviews did you have with Mr. McNaught?

A.—I am not sure whether I had one or two. I had a number.

Q.—Was the case set for trial at that time? It was not apparently on the 7th of November. It was set down for trial after these interviews. Is that right?

A.—That is right.

Q.—How many interviews did you have with Mr. McNaught?

A.—Whether we had a second interview before the matter was finally decided I am not just sure. My recollection is that that was the only interview.

Q.—Have you told me all you told Mr. McNaught?

A.—I've told you all the principal things.

Q.—Tell me some you think are not principal things?

A.—I've told you all I'm going to tell you.

Q.—There was more at these interviews than you are telling?

A.—I am not going to answer that question; I have answered that question very fully.

Q.—You have, except that you have not answered part of it.

MR. CHAIRMAN: You would not expect him to repeat all that went on?

MR. PROUDFOOT: He knows perfectly well; if there is something else, what it is. That is the part he doesn't want to tell.

WITNESS: I could see no object in us going on, at that sitting. There were delays all the time. I wanted something done. I didn't go to ask for arbitration. I wanted to get down to trial.

At this point Mr. Proudfoot asked a question to which objection was taken, and on motion of Mr. McGarry the question was stricken from the records, and the subsequent discussion on the motion also stricken out by a further motion. To another question objection was also taken, and on motion of Mr. McGarry the question and discussion thereon were expunged from the records. On motion of Mr. McGarry a statement by Mr. Proudfoot at the close of the investigation was expunged from the records.

To Mr. Elliott at the close of the meeting, Mr. Chairman stated that notice for the next meeting would be issued when it had been decided upon.

Public Accounts Committee

April 22, 1913.

MR. CHAIRMAN: Before we take up the examination of the witnesses this morning there are one or two observations I want to make with relation to the conduct of proceedings in this Committee. You all know what took place here the other day when a number of resolutions were passed to expunge certain discussion from the records, written and published, of the Public Accounts Committee for the year. I have taken pains to search the precedents from almost Confederation to the present time and I find that the action of this Committee at its last meeting is entirely in accordance with the precedents established from the time Ontario was a Province, practically. I went over the evidence year after year and I find that the evidence only, and what is strictly evidence, has been reported, and discussion as to a particular question or matters that may come up before the Committee has merely been referred to, the usual form being

that where a discussion took place the reference to the matter in the report merely says: "A discussion of the question arose in which several members took part." In no case can I find where any considerable discussion in the committee has been reported in the evidence and we can all understand why that should be, because if we had many meetings like we had the other day it would fill a volume and the cost of publication would amount into a considerable sum.

I just wanted to draw the Committee's attention to the fact that we are quite in accord with the practice long since established, and before we had the management and control of this Committee.

There is another matter; as to the relevancy of the evidence taken the other day and the authority of the Committee to decide upon a matter of that kind. The books are replete with instances that amply justify the position taken by the Chair and sustained by the Committee at the last meeting. They go much further even in the exclusion of evidence—if we were to follow strictly the precedents established—than we went the other day in the exclusion of evidence. There are only one or two instances which I desire to state to the Committee in justification of the position I assumed and of the ratification of my own action by the Committee later.

If you will peruse the evidence of the proceedings of 1894 you will find there where the Deputy Registrar of the Counties of Peterborough and the Deputy Registrar of the County of East Northumberland had been summoned to appear before the Public Accounts Committee, and that resolution was subsequently rescinded on the motion of Mr. Caldwell seconded by Mr. Wood. The reason given is recited in the motion. For that reason I want to read it to the Committee:

"That the order to summon the attendance of Mr. Grundy, Deputy Registrar of the County of Peterborough and A. B. Chafin, Deputy Registrar of the County of East Northumberland be rescinded on the ground that the subject of this suggested enquiry is not within the functions of this Committee, which are confined to an examination of the Provincial accounts showing the appropriation of the sums granted by the Legislature to meet the Public expenditure and to ascertain that the Legislative grants for each financial year, including supplementary grants, have been applied to the object which the Legislature has prescribed, and to re-check the official audit created by the act for the better auditing of the Public Accounts of the Province."

Showing that examination and investigation before the Public Accounts Committee is confined strictly to the revenues and expenditure of the Province for the last fiscal year, and that the Committee have no authority or right to go beyond that. Then I find again in the year 1904—I think the Hon. Mr. Graham was chairman at that time—an examination was being had into the accounts of the Lake Superior Corporation, and the treasurer of that company was asked to appear here and give evidence before this Committee and to produce pay sheets and accounts. When he was called for examination he was asked "When did you last make payments to Messrs. Conmee and Bowman, and what were the amounts thereof?"—I suppose they were contractors. It was ruled by the Chairman that such a question had no bearing on the investigation before the Committee. The yeas and nays were called and the chair was upheld that the questions were not relevant and should not be permitted. They

were subsidiary payments and had no bearing whatever on the matter to be dealt with by the Committee.

Then we can go further. There is ample precedent for the Committee taking what some gentlemen consider a radical position in expunging from the records of the Committee matters they feel should be so dealt with. You have only to go to May on Parliamentary practice and you will find there is ample precedence. The rule makes it clear that the Committee may expunge—I should not say the Committee—that the House may expunge from its records entirely proceedings they desire should be expunged, and there are several instances given in the 11th edition of May, page 203, that show my conclusion is right. Even in this House that position has been taken on more than one occasion and matters that it was felt should be purged from the records of the House have been expunged and no record of them taken.

I just want to point out a further matter to the Committee. I can find in the proceedings of this Committee where the Chairman was upheld in his refusal to subpoena some witness before the Committee, unless the grounds on which the particular person was required and the evidence to be given was submitted to the Committee, and the Committee decided it was relevant. Since I have been chairman of this Committee we have never taken that position, because I feel the Committee are anxious to allow for the investigation of the public expenditure the widest possible freedom and every facility for examining carefully every dollar of public receipts or public expenditure to see that it was properly applied to the purposes for which it was intended, and since I have been Chairman we have never on any occasion refused to subpoena any witness or produce any document before the Committee here at the request of any member of the Committee. And I purpose, as long as I am Chairman of this Committee, to continue in exactly that course, the object and purpose being to give the widest possible opportunity to get all the information possible about the Public Accounts of the Province; and our duty will be to facilitate in every possible way in that matter.

I do not know that there was any necessity for me to make this somewhat lengthy address except that I want to put the position of the Committee on record as I see it, and to record my reasons for the position I took the other day and the justification the Committee had in upholding the ruling of the Chair.

Considerable discussion ensued and finally Mr. Proudfoot moved that the matter stricken from the records of the last meeting be re-inserted. Mr. McGarry moved an amendment declaring that whereas no evidence had been stricken out the action of the Committee should be sustained. The amendment was carried.

Mr. W. W. Pope called and examined.

MR. ROWELL: Mr. Pope, have you the minute or record of the agreement showing the opening of these tenders for the first time that they came before the Commission after they were opened?

A.—I have a copy of the minutes of July 16, 1908.

Q.—Is this a true record of the whole minute?

A.—Of that date, yes.

Q.—This is a minute of the Commission dated July 16, 1908, in reference to these tenders?

A.—Yes.

Q.—I see the tenders were laid before the Commission on the 16th of July, as summarized in the minutes and it was decided to refer them to the engineering department for classification and examination, as the minutes indicate?

A.—The minutes speak for themselves.

Q.—Yes. Then on the same date there is an additional minute which indicates certain tenders as having been in effect rejected by direction that the deposit be returned. None of the ones we have had under consideration here are included in this list?

A.—It speaks for itself.

Q.—Have you got the next record here in connection with it?

A.—The next record is July 31.

THE CHAIRMAN: You want these to go in, Mr. Rowell?

MR. ROWELL: Yes.

Q.—Then the next minute is July 31st, which gives the discussion of the tenders, and the matter was further adjourned until the 4th of August?

A.—Yes.

Q.—And there is no minute between the 16th and the 31st of July relating to it?

A.—Not that I have been able to find.

MR. POPE: The next appears to be the 4th of August.

MR. ROWELL: I see this minute, 4th of August, sets out consideration of tenders for high tension transmission lines; letter dated July 22nd from the Chief Engineer, comparison of tenders, recommended the F. H. McGuigan Company tender to the Government for their approval, it being the lowest and most satisfactory, provided the F. H. McGuigan Construction Company agreed to the various details the Commission requires as to the manufacture of materials. Can you tell me, Mr. Pope, which of the two letters of the Chief Engineer now on file as exhibits and each bearing date 22nd July, is referred to in this minute?

A.—I could not.

Q.—Is there anything in the records of the Department, in the records of the Commission, which will show which one of these two letters was before the Commission on the date it was passed?

A.—I don't think there is.

Q.—The reference to its being the lowest would lead one to conclude it was the second letter. Just let me see the two tenders. One is Exhibit 24, and the other is 14. I see on the McGuigan tender; that referred to in this minute; the one to be accepted is the tender for \$1,270,000?

A.—That is the tender they acted on.

Q.—Now, then, turning to these two reports of the Chief Engineer, each bearing date 22nd July, I find one gives the lowest unit tenders, Exhibit 14, \$1,262,000, and the other one gives the lowest of the unit tenders as \$1,272,000. You will recall that?

A.—The letter will speak for itself. I don't recall all that was handed in.

Q.—I know, but I just want you to note it and see.

A.—That is a matter of the Engineer's Department.

Q.—I am just asking that you note that the two reports have those differences; that is, that Exhibit 14 gives the lowest of the unit tenders \$1,262,000, and the next one gives it \$1,272,000.

A.—I don't see that in here.

Q.—That is the lowest of the unit tenders?

A.—The report doesn't say which.

Q.—You cannot tell me from looking at the report whether that is the lowest of the unit tenders or not?

A.—I cannot.

Q.—You cannot tell from reading it?

A.—No.

A.—And you cannot say from reading either of these reports which group of unit tenders is the lowest?

A.—I could not.

Q.—Then who can in the Department?

A.—Mr. Gaby.

Q.—Who else?

A.—I don't know. Gaby had to do with it.

Q.—Mr. Gaby is away?

A.—I don't know that there is anybody else.

Q.—You don't think there is. But don't you think anybody can tell from reading the letter?

A.—It is possible.

Q.—But you cannot?

A.—I am not an engineer and I would not be qualified.

Q.—The Board was passing on this, it was what was before the Board at that time; what is the next minute with reference to it?

A.—The next is August 6.

Q.—Just a moment. Before passing from the minute of August 4, I see that there was a proviso on the acceptance of this tender that Mr. McGuigan would agree to the various details the Commission requires as to the manufacture of materials. Can you tell me what those requirements were?

A.—I could not tell you.

Q.—Then I see the next meeting is August 6, which simply recites the agreement laid before the Commission, that the same was held over for further consideration. What is the next?

A.—The next is the 3rd of September.

THE CHAIRMAN: The copy of minutes dated July 16th is Exhibit 49,

copy of minutes dated July 31st is Exhibit 50, copy of minutes dated August 4th is 51, and what is the other you wanted put in?

MR. ROWELL: August 6th.

THE CHAIRMAN: That will be 52.

MR. ROWELL: I think we can bunch the rest in together, September 3, September 24, September 29.

Q.—You think the minutes of the 3rd and 24th of September cover all the minutes in the books relating to the matter?

A.—That is the construction of the transmission lines.

Q.—Of the Niagara Transmission Lines?

A.—Yes, apart from the stations.

Q.—Quite so, and these will go in as an exhibit, those two will go in together. Exhibit 53.

Q.—I do not see any reference in these minutes to the Muralt tender being withdrawn.

A.—No, sir, it does not appear.

Q.—I do not find either any reference in the minutes specifically to the return of the cheque of the Muralt Company.

A.—Unless it appeared with the others.

Q.—I say specifically. We will come to that later.

A.—It is not customary to name them all on unsuccessful tenders being returned. I do not think it is mentioned specifically.

Q.—Then in the last minute, that is the minute of 3rd September, they provide for the return of all cheques to the various bidders as soon as the contract was signed.

A.—That is it. That included everything.

Q.—Then on the 24th September the Commission ordered that all remaining cheques be returned to the various bidders, with the exception of the cheque of the McGuigan Construction Company.

A.—Yes.

Q.—So far as you know, Mr. Pope, have you now produced for us all the records appearing in the minutes of the Commission relating to the tenders and the contracts?

A.—Yes, sir.

Q.—Can you tell me in what book of the Commission would the entries appear showing the receipt and the return of these cheques?

A.—They would not be entered. The tenders are open.

THE CHAIRMAN: I think they are recorded in the minutes.

WITNESS: Each tender is opened.

THE CHAIRMAN: They say "Such a fellow's cheque on the Dominion Bank, so much."

MR. ROWELL: I know. I mean any book in which an entry is made.

THE CHAIRMAN: I suppose they would be put in the vault.

WITNESS: They are put in the vault, and when through they go back. When they talk about a tender being . . .

MR. ROWELL: I notice that in the case of McLennan & Keyes, Campbell, Sinclair and Green, as well as Muralt & Co., you had the regular cheques called for?

A.—The records show that.

THE CHAIRMAN: September 24th was the last minute.

MR. ROWELL: Yes.

Q.—Now, the subsequent minutes relate to the transformer stations?

A.—Yes.

Q.—You might just let me look over those, Mr. Pope.

A.—I copied everything I thought would be interesting. Station tenders did not appear in the minute.

Q.—There is another one referring to the McGuigan Contract of Oct. 20th, 1908.

A.—I did not think there was. I thought I had finished them. (Perusing) Oh, yes. (Minute of October 20th, 1908, marked as Exhibit 54.)

Q.—Here is another, too, of November 5th, 1908. (Marked as Exhibit 55).

A.—They are all of them in triplicate.

Q.—Then the Minutes of September 24th, 1908; November 24th, 1908; December 4th, 1908; January 26th, 1909; April 27th, 1909; July 6th, 1909; July 22nd, 1909; August 4th, 1909, and August 11th, 1909, will give us the full Minutes relating to the tenders for the transformer and the interswitching stations?

A.—Yes, sir.

Q.—Then they can be put in as one exhibit? (Marked accordingly as Exhibit 56).

Q.—Have you the report of the Chief Engineer on those tenders, Mr. Pope?

A.—No, I have not here. I have the files.

Q.—Can you tell me whether there was a report similar to the one presented on the Niagara Transmission Line?

A.—I have not made a search.

Q.—It is referred to in the Minutes of 20th October, "Report of Chief Engineer on tenders for supply of apparatus for interswitching and transformer station equipment," and so on.

A.—I expect there would be. Of course, these were different tenders got at different times, and one report would not cover them. Stations, equipment, interswitching, lighting arresters, cranes, they are all different.

Q.—All I want to get at is what reports the Chief Engineer made. That report of the Chief Engineer will be Exhibit 57. (Marked accordingly).

THE CHAIRMAN: As I understand, he said there were reports from time to time on different parts.

MR. ROWELL: There is one referred to in that Minute.

A.—There probably would be a report, but I am not. . .

Q.—That cites a report. You see, there are instructions on the 24th of November to the Chief Engineer for a complete report on those contracts.

THE CHAIRMAN: On the interswitching and transformer stations?

MR. ROWELL: Yes.

WITNESS: I understand that the consulting engineer. . .

MR. ROWELL: All I want to get are the reports, one or two, or whatever they are, that are referred to in those Minutes to complete the records.

A.—I will try to find them.

Q.—And he can mark them down and note them, Mr. Chairman. When you were here before, Mr. Pope, you stated you were not able to tell me when Mr. C. B. Smith retired from the Commission?

A.—I think you will find that in the exhibit in the report. There is an Order-in-Council appointing W. K. McNaught instead of Cecil B. Smith on the 28th of February, 1907. My instructions are that he had no connection with the Commission after that date.

Q.—No connection after that date?

A.—I assume that to be correct.

Q.—Mr. Gaby referred in his testimony to Mr. Smith being at one time consulting engineer?

A.—In the early stages I think he was, because he made some reports on power in eastern districts.

Q.—Can you remember the period during which he acted as consulting engineer?

A.—I do not think he acted for the Commission. I think he acted for the Government before the Commission was formed.

Q.—Under the Commission that preceded the present Commission?

A.—As I understand it. I do not think he was ever consulting engineer for the Commission. After it he came on as one of the Commission, and then went into private business.

Q.—Yes. Have you produced for us all the correspondence relating to the Muralt tender, Mr. Pope?

A.—So far as I know.

Q.—With the correspondence attached to it?

A.—Yes.

Q.—Is there any other correspondence you have any cognizance of?

A.—I cannot recollect any. I instructed the filing clerk to search. That is all he could find.

Q.—Nothing further?

A.—No.

Q.—Have we all the correspondence in reference to these particular tenders attached to them in the files you have produced?

A.—That is as I understand it. It is the custom, and I understand that was what was done.

Q.—So we may take it, that whatever is produced with the tenders now being exhibits before the Committee, covers all the correspondence passing between the Commission and the parties with reference to the tenders?

A.—Yes, as filed.

Q.—Have you looked up further to see if you have got that claim of Mr. McGuigan's, which he stated he filed in April, 1910, I think, his complete claim? You remember Mr. McGuigan had a copy which he said was substantially the same as appeared in Mr. Staunton's letter.

A.—The first recollection I have of Mr. McGuigan's filing a claim was when he filed it in connection with and demanded arbitration.

Q.—You do not remember his claim at the earlier day?

A.—He positively refused to give one.

Q.—He positively refused to give one?

A.—Yes, sir, and we were told by counsel that he should give that, that he ought to give it under the provisions of the agreement.

Q.—Tell me what exhibit that is. Mr. McGuigan put in a letter?

THE CHAIRMAN: What you put in to-day?

MR. ROWELL: No. Mr. McGuigan's letter of, I think, April, 1910, in which he refers to enclosing an account. Have you got that among your papers, Mr. Pope?

A.—It will be here, if I have the number.

THE CHAIRMAN: Here is a list of the exhibits.

MR. ROWELL (perusing): It is subsequent to this. This list only goes to 28. This was put in by Mr. McGuigan on his examination, and copies were to be made and it was to be returned to him.

WITNESS: Here you are, May 27th and May 28th. Then there was a letter intervening from Mr. Gaby.

MR. ROWELL: What is this?

A.—That is in reply to a letter apparently sent to him by the engineering department commenting on this account as filed.

Q.—Yes. Now, where is the letter of Mr. McGuigan's of the first of May to which this letter of Mr. Gaby's is the comment or criticism?

A.—(Perusing letter). You mean from Gaby to McGuigan?

Q.—No, from McGuigan to Gaby. This is Gaby to McGuigan.

A.—I will hunt that up. I do not know, I have not got that here apparently.

Q.—I want you to get the initiation of the correspondence.

A.—Yes. It does not appear to be here.

Q.—You can turn that up for me, Mr. Pope?

A.—Yes.

Q.—And perhaps we can add that?

A.—The letter referred to in exhibit 27?

Q.—The initiation of the correspondence to the Commission with reference to Mr. McGuigan's claim in the early part of 1910?

A.—May first.

Q.—If any letters precede that of May first I would like to have them so we will have the full correspondence.

A.—That is all.

Q.—Well, the initiation or leading up to what he says. You will remember his evidence on that. Then, just one other question . . .

A.—You see, here is Mr. McGuigan's letter of May 21st.

Q.—That is Gaby's letter to him?

A.—Oh, yes.

Q.—Then you were present at a number of these conferences, Mr. Pope, were you, during the year 1910, at which Mr. McGuigan and some others were present, and the question of his claim was discussed?

A.—Frequently, yes.

Q.—Who were present at the conferences at which you were present, Mr. Pope?

A.—Oh, different ones. At times he would attend Board meetings and discuss it with the Commission; at other times it would be with the engineering department, sometimes Mr. Gaby or Mr. Sothman, or more frequently with the engineers, who would be working out the adjustment of the various items.

Q.—On any of those occasions, Mr. Pope, did you hear Mr. McGuigan make any threat?

A.—Nothing, beyond demanding arbitration..

Q.—You never heard him say a word more than to demand arbitration?

A.—No, sir.

Q.—Did you ever. . . .

A.—And he expressed a desire to get into court.

Q.—Yes. Did you ever recall his coming to the office of the Commission and stating that unless certain things were done, what he might do?

A.—Not in my presence beyond what I have already told you. He said he was going to apply for a fiat to get into court.

Q.—That is as far as you are concerned?

A.—Where he could ventilate the whole situation of things in litigation, or something of that kind.

Q.—What did he say he wanted to ventilate?

A.—His claim.

Q.—You did not have any discussion with him yourself?

A.—I had a great many discussions.

Q.—Did you have a discussion about ventilating anything except his claim?

A.—No. He told me that he ought to get more money and ought to get it faster.

Q.—That is all, Mr. Pope, until we get those documents.

Cross-examined by Mr. McGarry.

Q.—Turn up the tender from Mr. Muralt.

A.—Here it is.

Q.—This letter of July 14th, 1908, did that accompany the tender?

A.—Yes, sir.

Q.—You might answer this. Did he by this letter state that his tender was a conditional tender?

THE CHAIRMAN: Read it so we will know.

MR. MCGARRY: It is a long letter.

WITNESS: It goes in with the file. He takes exceptions here to very nearly every clause in the specifications.

Q.—He takes exception to very nearly every clause in the specifications? Does his tender cover everything contained in the specifications?

A.—No.

Q.—What does it exclude?

A.—It excludes material.

Q.—It excludes material?

A.—In many cases.

Q.—In many cases?

A.—I do not say in many cases, in some cases.

Q.—In some cases it excludes material. Would these conditions which he had in that letter render it impossible for the Hydro-Electric Commission to accept his tender?

A.—I understand that the tender in this form could not have been considered by the Commission as it was contrary to the specifications and conditions of contract furnished to him.

Q.—Well, doesn't he say, too, in his letter that the price under 6 and 7 covered only erection and attaching of steel ground cable?

A.—Yes.

Q.—And does not cover two items, supply of ground cables and delivery to site of erection, as called for in the specifications?

A.—Yes.

THE CHAIRMAN: Excludes what?

MR. MCGARRY: It excludes supply of ground cable and delivery to the site of erection as called for in the specifications.

WITNESS: The article says, "Items 6 and 7, erection of galvanized steel ground cable. My bid of \$22 *per* mile of single cable covers erection and attaching only. If you wish me to do so, I will also arrange to supply the cable. The price varies from 70 cents to \$2 *per* hundred feet according to the tensile strength desired by you."

MR. MCGARRY: These exclusions made by him and these conditions contained in the letter attached to the tender would, I assume, make it impossible to form a comparative basis of statement with the other tenders?

A.—In this form I would say, yes.

MR. ROWELL: The witness told me that he is not an engineer. I could not get any answer from him on such points.

MR. MCGARRY: Because you do not put your questions properly.

MR. ROWELL: It is because you put in your question the answer you want.

MR. MCGARRY: That is my privilege. I am cross-examining.

Q.—That explains the fact that the Commission could not consider that tender?

A.—Yes.

Q.—All right.

MR. ROWELL: I have not finished. As he is an engineer now and able to give testimony, perhaps he will give me a little.

WITNESS: That is not fair comment.

MR. ROWELL: It is only fair comment on what you have done, Mr. Pope. You declined to answer before, because you said you are not an engineer.

WITNESS: It demonstrates that you are very hard to suit.

Q.—Now, will you tell me, Mr. Pope, just what items you say are not covered by this Muralt tender?

A.—Six and seven, specifically.

Q.—What items?

A.—Paragraph 12 of the specifications, erection of high tension transmission lines; page 5, attached to Exhibit 21.

Q.—Let us get the exhibit and see what it is?

A.—You have it there in front of you with the conditions attached to it.

Q.—No, they are not.

A.—They are to some of them. They do not happen to be attached to all. . . . look on page 12. In that you will find it. I do not know the exact line of it, but it states there specifically that the contractors shall supply, deliver, string, splice and clamp all ground cables on towers in positions provided for them as shown on the accompanying drawings.

Q.—Yes, go on.

A.—On page 1 of the specifications, headed, "Scope of Work." "These specifications are intended to cover and include all apparatus, appliances, materials, and labor, necessary to properly convey to site," and so on. Complete material and work.

Q.—Yes?

A.—Now, his letter attached to his tender, states distinctly that clause six does not cover.

Q.—He says: "In explanation of my tender I will say that items 6 and 7, erection of galvanized steel ground cable, my bid of \$22 *per* mile of single cable towers, covers erection and attaching only. If you wish me to do so I will supply the cable. The price varies from 70 cents to \$2.00 *per* hundred feet, according to the tensile strength desired."

A.—Then he asks for variation of nearly every clause of the specifications, every clause of his letter proposes some change, puts a condition on each para-

graph of his tender, making it—well, making it a conditional tender, if those conditions are accepted.

Q.—Was he seen in reference to it with a view to seeing what it would cost to supply these items that were not included?

A.—I could not say that. I do not know.

Q.—Who would know that?

A.—Mr. Gaby would probably know.

Q.—But Mr. Gaby is away. Who else would know?

A.—Mr. Sothman.

Q.—I notice in this same letter he says: "In case you prefer letting the contract for a lump sum, I herewith propose to combine with my own tender for the erection of the line such tenders for the steel towers and the line cables as may appear most advantageous to your Commission, and I am prepared to enter into a contract with you for the complete work embodying the material for towers and cables and the work of erection, and if you decide to accept this proposal I will submit bond accordingly."

A.—He had a lump sum tender before. They all had lump sum tenders, but partial tenders were submitted.

Q.—He states: "It was only due to the limited time at my disposal that I did not submit a lump sum bid for the complete work of your high tension transmission lines. In case you prefer letting the contract at a lump sum, I herewith propose to combine with my own tender for the erection of the line such tenders for the steel towers and the line cables as appear most advantageous to your Commission, and I am prepared to enter into a contract for the complete work embodying the material for towers and cables and the work of erection, and if you decide to accept this proposal I will submit bond accordingly."

MR. CHAIRMAN: Without any figures?

MR. ROWELL: That is on the basis of his tender for erection.

A.—There is no basis.

Q.—The letter speaks for itself on that point?

A.—Yes.

Q.—Can you tell me if he was seen at all in reference to this, as to putting in a lump sum bid?

A.—I could not say.

Q.—Or as to accepting his proposal of a lump sum on the basis of his tender for erection on the most advantageous of the tenders for the line cables and towers?

A.—I cannot say.

Q.—And you cannot say how much his lump sum tender would come to on that basis?

A.—And nobody else.

Q.—An engineer could.

A.—No.

Q.—How do you know?

A.—I know enough about engineering to know that.

Q.—You are commencing to be an engineer?

A.—Without figures no one could deal with that.

Q.—Your knowledge of engineering is increasing?

A.—I have not lost my common sense.

Q.—You could not tell me anything before?

A.—It speaks for itself.

Q.—Have you any knowledge whatever of the situation, Mr. Pope, so far as this tender is concerned, other than what is disclosed on the face of the correspondence?

A.—None, whatever.

Q.—None, whatever?

A.—None.

Q.—Then we can be just as wise as you are by perusing the correspondence?

A.—You might be wiser.

Q.—Do you think we have everything before us in the correspondence—your explanations are only deductions from the correspondence?

A.—Yes, sir, and the specifications.

Q.—Yes, and the specifications. But the tender was not returned as irregular?

A.—No. It was withdrawn.

Q.—That is all.

(Witness excused).

Mr. Taylor called and examined by Mr. Proudfoot.

Q.—Do you remember, Mr. Taylor, the conference you spoke of having taken place on the 17th or 18th of November, 1911, between you and certain persons. I think in Mr. Hanna's office?

A.—Yes, sir.

Q.—Was that interview of the 17th or 18th?

A.—The 18th, I think. It was a Saturday afternoon, the 18th of November, I think.

Q.—How late in the afternoon?

A.—Two or three o'clock, somewhere about that.

Q.—Who were present at that interview?

A.—Mr. Hanna, Mr. McNaught, Mr. Thorne and myself.

Q.—Had the conference been arranged to take place the day before that?

A.—I was asked the day before that to attend the meeting on that afternoon.

Q.—Were you asked to attend a meeting on the 17th?

A.—Not on the 17th; no, not to my knowledge.

Q.—Had you an interview with the Prime Minister about that time?

A.—No.

Q.—Did anyone at any of these interviews try to get you to retract a statement you had made against a certain member of the Government in consideration of the submission to arbitration being given to you?

A.—Mr. Chairman, I submit that question is not relevant to that summons. I am here to answer questions with reference to an item of \$21,061.03. You have all the particulars of that \$21,063 in the exhibits here and I am ready to answer any question in regard to it, but I am not willing to answer that question.

Q.—You understood the question I asked?

A.—I did.

Q.—You say that question you decline to answer?

A.—I say that I do not think it is a fair question. I do not think I am called to answer that question in answer to this summons.

Q.—You are here, and I presume you are bound to answer any question the Committee may consider relevant.

A.—Mr. Chairman, I refuse to answer that question.

Q.—Do I understand you to say you will not answer it?

A.—Yes, that is it.

MR. CHAIRMAN: That is what he has told you.

MR. PROUDFOOT: Then, Mr. Chairman, I ask you to direct the witness to answer the question.

MR. CHAIRMAN: As I said the other day, to my mind the question has no direct bearing on the item under discussion, is irrelevant, and my view is that the witness should not be required to answer. We had one sample of that the other day when Mr. McGuigan was asked a similar question. He said there were a lot of things he wouldn't want to repeat. You can understand there might be things said in the heat of the moment that nobody would want to repeat. This can have no relevancy to the matter under discussion. If you are in earnest in getting at the facts about the expenditure, I think you had better get on in a regular way. I do not think the witness should be required to answer such questions which do not touch upon the subject matter in the discussion. It is for the Committee to say if they do not approve of that ruling.

MR. PROUDFOOT: We, of course, don't approve of it. I think the question has a great bearing on the matter at issue. If I didn't think so I wouldn't ask it.

MR. ROWELL: What was the question?

MR. PROUDFOOT: "Did anyone attempt to extract from you a retraction of a statement you made concerning a member of the Government, in consideration of submitting to arbitration?"

MR. MCGARRY: This is getting back to the same thing.

MR. CHAIRMAN: It is going over the ground that we have already dealt with at great length.

MR. PROUDFOOT (to witness): Was the submission to arbitration allowed in pursuance of any retraction by you, on your part?

A.—By me on my part? You mean, was I to retract anything I had said?

Q.—Yes.

A.—I will not answer that.

Q.—Were you asked to retract?

A.—Was I asked to retract what?

Q.—A statement which you had made in reference to a member of the Government?

A.—I will not answer the question.

MR. CHAIRMAN: Supposing he said somebody was a liar, and some one wanted him to retract that, and the man wouldn't do it, being of a stubborn disposition, what would that have to do with the matter?

MR. PROUDFOOT: It has a great deal to do with the subject matter, and I have certain reasons for asking. I think the retraction has a bearing on the matter at issue. I think the witness should be obliged to answer. However, you take a different view about it.

MR. CHAIRMAN: I don't want you to take my ruling. The Committee is here to decide these things. I am subject to their ruling. If the Committee think I am wrong it is for them to say.

Mr. Proudfoot appealed from the ruling of the Chair, and the Chair was sustained, the yeas and nays being taken.

MR. PROUDFOOT (to witness): When you were examined the other day I asked you a question which I see does not appear in the questions and answers on records. I am going to ask that same question again ———

Q.—Did you make a contribution to the Conservative party or to a Minister of the Government, for political purposes?"

Objection was taken to this question on the ground that it was irrelevant. Mr. Proudfoot stated that in view of the statement made by the Prime Minister, he thought the witness might be disposed to answer it. It was pointed out by Mr. McGarry that the Committee was not concerned with what had taken place in the House, but with the relevancy of the question. The Chairman ruled that the question was not a proper one.

MR. PROUDFOOT (to witness): Was the question of a political contribution discussed between you and any member of the Government at the time you were arranging for this arbitration?

Objection was taken to the question, that it was the same as the preceding one ruled on, though in a different form. Mr. Proudfoot insisted that it was a different question. The Chairman ruled it out.

MR. PROUDFOOT: In view of the position taken by the Committee—by the majority of the Committee and yourself, Mr. Chairman, I decline to further prosecute this examination. It is quite clear that it is useless to attempt to do so, and to get at what I believe to be the root of the whole transaction.

MR. CHAIRMAN: You had better not decline too soon, you may have to go on with it. I don't approve of your method of trying to get at this. There is another method open to you and why don't you take it. You can go to the House and make a charge and ask for a Committee.

MR. PROUDFOOT: I prefer to take the course I am taking. I just want to ask another question before I actually quit. Mr. Taylor, at any of these interviews leading up to the submission of this question to arbitration, was the question of how a certain coal contract had been awarded, discussed?

Objection was also taken to this question on the ground that it was irrelevant, and the Chairman ruled it out.

MR. PROUDFOOT: Then I decline to further continue the examination, and I would like to know what report—or if you will make a special report on what has taken place in connection with this matter?

Some general discussion ensued, and the Chairman stated that the usual report would be made to the House when the Committee concluded its work. Mr. Proudfoot moved that an interim report be made to the House. Mr. McGarry moved in amendment, that the usual report be made, and the Committee carried the motion as amended.

Mr. Bowman appealed from the ruling of the Chair on the last question. The appeal was voted down.

Mr. Harold Finlay, called and sworn.

MR. ELLIOTT: What is your occupation?

A.—I am in charge of a hardware store at North Cobalt.

Q.—How long have you been there?

A.—About three and half years.

Q.—You acted in that capacity all that time?

A.—Yes.

Q.—Did you ever work for the Nipissing Central?

A.—No.

Q.—Did you ever receive any pay from the Nipissing Central?

A.—Not for my personal benefit, I didn't.

Q.—Did you ever receive any for the benefit of anyone?

A.—I have for goods taken out of the store, the cheques were turned over to my employer.

Q.—Who is your employer?

A.—Mr. Lillie.

Q.—You are not the proprietor of the store?

A.—No, I am not.

Q.—You are simply the clerk . . . what were the cheques for?

MR. MCGARRY: Just from October 31st, 1911, to October 31st, 1912, that is all you need to be concerned with.

MR. ELLIOTT: I am referring now to cheques between October 31st, 1911 and October 31st, 1912—if the Committee wish me to keep within those dates.

MR. MCGARRY: We are obliged to, the House has given the Committee the power to do only that.

MR. ELLIOTT: Tell us what they were for?

WITNESS: I cannot tell the items. I know they were for goods I delivered to the Nipissing Central Railway.

Q.—Under contract with them?

A.—The goods were ordered by Mr. McDonald or someone else.

Q.—Who is Mr. McDonald?

A.—He is Superintendent of the Nipissing Central.

Q.—Can you give me an idea of the amounts?

A.—I cannot. I know there never was any large amount.

Q.—Do you know—what is the largest amount you can remember during that time?

A.—I cannot say.

MR. MCGARRY: You filed the bill with the company?

A.—Yes, they have the receipts.

MR. MCGARRY: \$2.40 was the largest item.

MR. CHAIRMAN: \$2.20 to be exact.

MR. ELLIOTT: This is your receipt, Mr. Finlay?

A.—Yes.

Q.—So the cheque was made out to you personally and not to your employer?

A.—That is right.

Q.—You are down here as a section man?

A.—I cannot say that.

Q.—The record shows that. At any rate you never were a section man?

A.—No.

Q.—For all these amounts you received during that period you signed for similarly?

MR. MCGARRY: My honourable friend is not fair. There is only one signature by this man during that time, and you know it.

MR. ELLIOTT: I do not know it. The witness says there were several items.

MR. MCGARRY: Not during that time.

MR. ELLIOTT (to witness): Will you say there was only one item during the year from October 31st, 1911, to October 31st, 1912, will you undertake to say that?

A.—No, I won't.

MR. ELLIOTT: So my honourable friend is not right.

MR. CHAIRMAN: Mr. McGarry meant that there was only one item on the pay sheets.

MR. ELLIOTT: Did you ever receive a cheque amounting to between \$50 and \$80?

A.—No, I never did.

Q.—Did you know Mr. Huntingdon?

A.—I did.

Q.—What capacity was he acting in?

A.—When he first came he acted as motorman; later he was barn foreman.

Q.—He isn't here to-day?

A.—No.

Q.—Do you know where he is?

A.—I cannot tell. He left there some time ago.

MR. CHAIRMAN: I have a telegram here showing he left there for the west. I showed you that a while ago.

MR. ELLIOTT: The west is very indefinite.

MR. CHAIRMAN: This is a service message from the telegraph people, saying that the telegram is undelivered and that Huntingdon is said to have gone west.

MR. ELLIOTT: Now, then, do you know anything of the investigation which took place up there in connection with the officials of that road?

A.—I do not know anything about it.

Q.—Do you know such an investigation took place?

A.—I heard it.

MR. CHAIRMAN: He says he heard it. Surely you are not taking hearsay?

MR. ELLIOTT: Do you know such an investigation took place?

MR. CHAIRMAN: Did you only know from hearsay about an investigation?

WITNESS: I don't know anything myself about it because I was not connected with it.

Q.—You were not called as a witness?

A.—No.

Q.—Do you know anything about any that was given?

A.—No.

Q.—Did you know the investigation took place?

A.—I said I heard of it.

Q.—Do you know whether Huntingdon was there at the time?

A.—I cannot tell that.

Q.—Or as to when he left?

A.—He left some time about the first of this month.

Q.—When was this investigation, so far as you understand?

MR. CHAIRMAN: That is surely hearsay evidence. I don't want to appear as interfering with what you want to get at, but this witness has said he didn't

know; that he heard there was one. You ask him when it took place and he can only say it took place at such a time.

MR. ELLIOTT: Who did you say was foreman for the company?

WITNESS: What foreman?

Q.—Of the Nipissing Central?

A.—There are several foremen; barn foreman, section foreman; I don't know how many foremen. Do you mean Mr. McDonald?

Q.—Was Mr. McDonald here?

MR. CHAIRMAN: Yes.

Q.—What was his position in the company?

WITNESS: Superintendent.

Q.—Of the company?

A.—Yes, of the Nipissing Central.

Q.—Is he still Superintendent?

A.—Yes, as far as I know.

Q.—Is he also—do you know what position he occupies in connection with the Conservative Association there?

A.—I cannot say.

Q.—Now, Mr. Finlay, did you receive payments in any other way than by cheque for goods furnished by you to the Nipissing Central?

A.—No.

Q.—Did you, each time you received payments, receive them in the same way as you did in this particular case and sign in the same way?

A.—I do not think I did.

Q.—During that time?

A.—I can't say.

Q.—You think a uniform system was not adopted for all your dealings?

A.—I cannot say as to that.

Q.—You signed a receipt in each case?

A.—I did.

Q.—You endorsed the cheque in every case?

A.—I did.

MR. CHAIRMAN: When you sold goods you frequently sent bills in and these were paid in the ordinary way.

A.—Yes.

MR. ELLIOTT: Did you get a cheque more than once as workman of the Nipissing Central, during that period?

MR. MCGARRY: During the period covered by the question of the Chairman; from October 31st, 1911, to October 31st, 1912?

MR. CHAIRMAN: I said I suppose you sent goods, sold goods to the T. and N. O., that were paid through the purchasing department, I suppose you call it.

MR. ELLIOTT: Were you paid by the purchasing department or by time cheques?

A.—I think I was paid by time cheques.

Q.—In every case?

A.—I think so, I am not sure.

Q.—In every case you appear on the roll as a workman, you got a time cheque and endorsed it over to your employer. That is the situation?

A.—As far as I know.

Q.—How did your name come to get on the list as an employee?

A.—I do not know. The matters were always small. There was never anything much of it. It was the simplest way of getting the things paid.

Q.—Who asked you to have your name put on the pay roll?

A.—I cannot tell that.

Q.—Who first told you your name was on the pay roll?

A.—I cannot say.

Q.—Who did you first hear it from?

A.—I cannot say, Mr. McDonald or Mr. Crouch.

Q.—Who is Mr. Crouch?

A.—The accountant for the railway.

Q.—From either one or the other you learned your name was on the pay-roll?

A.—I cannot say definitely. I imagine it would be one of them.

Q.—If it was not either of them, who else would it be?

A.—I don't know anyone else.

Q.—In every case where goods were sold you were paid by time cheque as an employee, and you endorsed that to your employer?

A.—I think that is right.

Q.—When you say it was endorsed to your employer you mean Mr. Lillie?

A.—Yes.

MR. MCGARRY: Now here are the pay rolls for the year. How many times does your name appear on that. You see your name on the March pay roll?

A.—Yes.

Q.—That is the account? (Account produced).

A.—Yes.

Q.—Four snow shovels—two dollars, and a dozen sheets of sandpaper . . . did you furnish the snow shovels and the sandpaper to the Nipissing Central?

A.—Yes.

Q.—You gave them this bill?

A.—Yes.

Q.—And you received the money?

A.—Yes.

Q.—Have they any pay office in North Cobalt?

A.—No.

Q.—This account was sent to North Bay?

A.—I gave that account to Mr. Crouch.

Q.—Who is he?

A.—The accountant.

Q.—At the time did you get the money?

A.—I got the money when the pay roll came.

Q.—There was nothing hidden about it?

A.—No.

Q.—I may tell you for your own satisfaction, that these pay rolls have been gone through and that this is the total sum paid—\$2.20, for four snow shovels and one dozen sheets of sandpaper. That is all there is to it.

MR. JOHNSON: Which were delivered there?

A.—Yes.

MR. ELLIOTT: Mr. Finlay, do you remember an interview in Mr. Lillie's store at North Cobalt—that is where your store is?

A.—Yes.

Q.—Where you were going over your money and cheques and a large cheque payable to you—a Nipissing Central cheque payable to you was noticed and looked at by some other gentleman in the store?

A.—I cannot say that.

Q.—Either Mr. Montgomery or Mr. McCauley?

A.—I cannot say as to that.

Q.—Do you remember any interview with Mr. McCauley as to a cheque payable by the Nipissing Central to you?

A.—I do not know. I met Mr. McCauley a dozen times a day, perhaps, and wouldn't remember that anyway.

Q.—You wouldn't contradict him as to any interview that occurred?

A.—No.

Q.—Do you remember taking a cheque away from him that he had picked up, and in that way showing you didn't want him to see it?

A.—No.

Q.—You cannot speak positively? You wouldn't contradict Mr. McCauley upon that?

A.—No.

MR. Angus McCauley, called and sworn.

MR. ELLIOTT: Mr. McCauley, where do you live?

A.—At North Cobalt.

Q.—What is your occupation?

A.—Motorman.

Q.—On the Nipissing Central?

A.—Yes.

Q.—How long have you been employed there?

A.—For two years.

Q.—Who was the foreman under whom you were engaged?

A.—Mr. McDonald.

Q.—He is still superintendent?

A.—Yes.

Q.—Do you know the last witness?

A.—Yes. sir.

Q.—Did you see any cheques in his possession made out to the Nipissing Central?

MR. MCGARRY: A cheque with reference to the period between October 31st, 1911, and October 31st, 1912. Unless it was some time within that time it has nothing to do with this investigation.

WITNESS: I cannot tell you.

MR. ELLIOTT: You mean you cannot say whether it was within that time or not?

MR. CHAIRMAN: You will understand, Mr. McCauley, we are investigating the accounts of the year from October 31st, 1911, to October 31st, 1912. The evidence you are asked to give is in connection with that. Anything about accounts previous to that or since is not evidence here.

MR. ELLIOTT: Let me understand that answer; did you at any time see cheques payable to the last witness; cheques of the Nipissing Central Railway?

MR. McKEOWN: Just a moment ———

MR. ELLIOTT: I think probably the question, in view of your ruling is not strictly within the year. But it will save time, if he has seen cheques to tell us and then we can go on and question whether it was within this year. If it was not we can simply drop it.

MR. JOHNSON: You are beginning at the wrong end. You are trying to get evidence of another period in a roundabout way.

MR. ELLIOTT: I ask if he ever saw cheques in favor of the last witness; cheques of the Nipissing Central. . . . What do you answer then, Mr. McCauley? Did you at any time see a cheque payable to the last witness?

MR. CHAIRMAN: A cheque might have been given previous to that year, or subsequent to it. We are confined entirely to dealing with matters in the Provincial year. I think we should confine ourselves strictly to that time. If you have instructions about it you can bring it a little more closely to the time; you could identify the time. You can do that.

WITNESS: I do not know. I saw Mr. Finlay with a cheque; I do not know who it was made out to.

MR. ELLIOTT: Not who it was payable to?

A.—No, I don't know that.

Q.—Was any attempt made by you to examine that?

A.—No, sir.

Q.—Can you speak as to the date of the cheque?

A.—I can't.

Q.—Give me as nearly as you can the date you saw that cheque?

A.—I cannot tell the month; I think it was last summer sometime.

Q.—I understood you to say last summer?

A.—I cannot give anything near an exact date at all.

Q.—But I understood you to say it was last summer?

A.—I would not be sure.

MR. CHAIRMAN: Mr. Elliott, this cheque has not been identified as in any way connected with this investigation. If the cheque goes in after the 31st of October we cannot investigate it this year. You cannot identify this cheque. It might be a cheque payable to John Smith as far as we know. This man handled more than Nipissing Central cheques, and there was no explanation made by him to you as to whether it was a Nipissing Central cheque or not.

MR. ELLIOTT: He said it was a Nipissing Central cheque.

WITNESS: I cannot swear whether it was a Nipissing Central cheque, it looked like one of our cheques.

Q.—There was no explanation as to why he had that cheque in his possession?

A.—I don't recall what he said about it. I cannot very well explain what he said about it?

Q.—Well, now, will you try and recall, as nearly as you can, Mr. McCauley?

MR. MCGARRY: I do not think you should press him any further. We might as well go back forty years if we are going to go on like this and ask the witness about a cheque that hasn't been identified at all.

MR. ELLIOTT: The impression of the witness is that this took place last summer. If that was so it would be within the time covered by the accounts we are investigating. I want to get the information, but if I can't get it—all right.

MR. CHAIRMAN: The witness is here and nobody is attempting to interfere with you getting the information. I cannot see why you persist in saying we are attempting to thwart you getting information. Such is not the case, and there can be no other object in saying it but to get on the record what isn't the case. This man told you it might be last summer, and then he said, "I would not undertake to say when it was. It might have been this \$2.20 cheque." He cannot even say it was a Nipissing Central cheque.

MR. ELLIOTT: He said it looked like it.

MR. CHAIRMAN: He might have seen a piece of blue paper or whatever the color of the cheques are, and assumed it was a cheque. There has not been a tittle of evidence to show it was a cheque of the Nipissing Central.

MR. ELLIOTT: I think if the Chairman had permitted me there would have been an explanation forthcoming from the witness as to the particular point of having a Nipissing Central cheque in his hands. . . . Mr. McCauley, was any explanation as to why he had the cheque in his hands, given you?

A.—Yes, he said something about goods got from the store and this was a cheque received in payment for them.

MR. CHAIRMAN: We have that from the witness Finlay himself.

MR. ELLIOTT: Was any other explanation given you?

A.—No.

Q.—Will you tell us, Mr. McCauley, how the work of the employees of the railway is divided? What are the different foremen you have? Did the superintendent define the duties?

MR. CHAIRMAN: This man is a subordinate employee. It seems to me he isn't the proper man to ask about that. We had the superintendent here the other day about it.

MR. ELLIOTT: Was McDonald here? I didn't know that. I haven't even read the evidence. . . . (To witness): How many men are employed in a similar occupation to your occupation?

A.—Eight.

Q.—Motormen, you mean?

A.—Yes.

Q.—Can you tell us the number of conductors?

A.—A similar number, I think.

Q.—They are under the same foreman?

A.—Yes.

Q.—The barn foreman was Mr. Huntingdon?

A.—Yes, sir.

Q.—What are his duties?

MR. CHAIRMAN: Huntingdon is the man who went away?

MR. ELLIOTT: He was employed as barn foreman?

A.—Yes.

Q.—Do you know anything about an investigation?

A.—I heard about it. I have no personal knowledge.

Q.—You didn't give any evidence?

A.—No.

Q.—Can you give the names of any who were witnesses?

MR. CHAIRMAN: If he just heard about it, how can he? He could only give it from hearsay.

MR. ELLIOTT: When did that investigation take place?

MR. CHAIRMAN: He said he heard about it. There is hearsay again. If you know who was at the investigation, you should specify.

MR. ELLIOTT: I would like to know who was there.

MR. CHAIRMAN: You should have your instructions in the proper form.

MR. ELLIOTT: Can you tell us anything with regard to any work being done by the employees of that railway on property other than the property of the Nipissing Central Railway?

MR. McKEOWN: You mean, during that year?

MR. ELLIOTT: Yes, during that year.

WITNESS: I don't quite understand the question.

MR. ELLIOTT: My information is that there are certain grounds at North Cobalt belonging to a company of shareholders, an athletic association. Can you tell me whether or not any work has ever been done on these grounds by the employees of the railway?

A.—I cannot tell you.

MR. GAMEY: In working hours?

MR. ELLIOTT: Yes. . . . Do you know the grounds to which I refer?

A.—Yes, sir.

Q.—Who are the owners?

A.—I cannot tell you.

Q.—Do you know Mr. McDonald has an interest in them?

MR. CHAIRMAN: Surely, that isn't right. Ask him if he knows the owners and if he doesn't, that is the end of it.

MR. ELLIOTT: He might not know who the owners are and he might know if Mr. McDonald had an interest.

MR. CHAIRMAN: If the Committee choose to sit here and listen indefinitely to this, I suppose they are entitled to the enjoyment.

MR. ELLIOTT (to witness): Do you know as to that?

A.—No, sir.

Q.—Had you any instructions with regard to carrying passengers free?

A.—No.

Q.—Not on your cars?

MR. McKEOWN: This is not the conductor, this is a motorman.

MR. ELLIOTT: Do you know of such instructions being given?

MR. CHAIRMAN: Up there they carry school teachers and clergymen and a whole host of people free.

WITNESS: I was never told to carry anybody free.

Q.—Do you know of anybody being carried free?

A.—No.

Q.—You would not know if there were?

A.—No; I am a motorman.

Q.—It would be the conductor would know as to that?

A.—Yes.

Q.—That is all just now.

Mr. Frank Leslie, called and sworn.

MR. ELLIOTT: What is your occupation?

A.—I am a conductor on the Nipissing Central.

Q.—How long have you been there?

A.—Since the third of June, 1912.

Q.—Will you tell us—do you know of any passengers being carried on your line free of charge? Up to the 31st of October, 1912?

A.—Yes, sir.

Q.—Who?

A.—A number of baseball players.

Q.—Under whose instructions were they carried free of charge?

A.—The superintendent's, Mr. McDonald.

Q.—Can you tell me of anybody else besides the baseball players?

A.—No, not definitely.

Q.—I understand the superintendent told you to take these men?

A.—Yes.

Q.—Did you do that on more than one occasion?

A.—Yes.

Q.—And other passengers along with them?

A.—We were told to carry all in uniform, or to pass so many.

Q.—What interest had he in these men?

A.—I understood he had some interest in the ball team. I understood that.

MR. CHAIRMAN: Do you know of your own knowledge?

A.—No. I don't know personally.

Q.—Do you know where the grounds of this team are?

A.—I do, sir.

Q.—Do you know of any work being done on these grounds by employees of the Company?

A.—Yes, sir, I do.

Q.—By whom?

A.—I was there myself.

Q.—By whom were you paid for the time you put in there?

A.—It all came from the Nipissing Central.

Q.—It went on the paysheets in the ordinary way?

A.—Yes.

Q.—Under whose instructions was that done?

A.—Well, that was at a time I was spare conductor; last summer sometime. When I was not on regular runs I was in the barn. Orders would come to the barn foreman and we would have to go to the grounds.

Q.—Do you know of others engaged in that way?

A.—Yes.

Q.—Who were they?

A.—Dan Forest; he worked in the barn with me.

Q.—How long was he working at these baseball grounds?

A.—I understand he was there previous to me a few days.

Q.—Was he paid by the Company?

MR. McKEOWN: How can he tell that?

MR. ELLIOTT: Let him say if he doesn't know. . . . Can you tell as to who they were paid by during that time?

A.—If they were like me they were paid by the Nipissing Central.

MR. CHAIRMAN: You can only speak as to your own payment?

WITNESS: All the time went in at the barns.

Q.—What month was that in?

A.—The month I worked was the month of July, and in September, I think.

Q.—How many other employees of the company were working, that you know of? Working on the ball grounds and being paid by the company?

MR. McKEOWN: Does he know of anybody?

MR. ELLIOTT: He said he does.

WITNESS: Part of the line gang.

Q.—Who?

A.—Lou Gagnon and James Carmichael. That was on Labour Day.

Q.—How long did you work there?

A.—I put in half a day of it.

MR. CHAIRMAN: Altogether?

A.—I put in half a day on Labour Day.

MR. ELLIOTT: You put in time on several other days?

A.—Just once; in July.

Q.—How many days?

A.—Just one day.

Q.—How many days do you know other parties put in at that time?

A.—I cannot altogether say as to that. I know of their being there. That is all.

MR. CHAIRMAN: If he only worked half a day in July and half a day on Labour Day, he wouldn't know who was working there other times.

MR. McKEOWN: This ball company created business for the railway—attracted a crowd?

A.—I daresay it would.

Q.—And having the athletic grounds there there would be ball competitions between different towns as an extra source of revenue?

A.—Every little helps.

MR. McKEOWN: So that no doubt your half day on Labour Day and the day in July would be more than amply repaid by the excess in revenue?

A.—I am not prepared to answer that.

MR. ELLIOTT: Do you know anything as to Alec. McCrae and his gang working on the baseball grounds and being paid by the Company?

A.—I know of him being there.

Q.—What month was that?

A.—July, I think.

Q.—Are there any others besides these you have named who were in a similar position?

A.—Yes. Foster Young was with me.

Q.—Foster Young and who else?

A.—I cannot remember any more just at present.

Q.—There is some information the Committee would like to have; perhaps if you know anything about it you might tell us. Were you at the investigation that took place?

A.—No.

Q.—Do you know anything about the charge that certain heaters were taken out of the property of the company and used by Mr. McDonald in his house?

MR. CHAIRMAN: Is that the investigation you refer to?

MR. ELLIOTT: I don't know whether that is the investigation or not. It was in connection with Nipissing Central matters, I understand.

MR. CHAIRMAN: You are not being candid. The witness has said he doesn't know anything about the investigation personally. This is a way of getting at the matter in another form.

MR. ELLIOTT: I do not know whether the question of heaters rose in the investigation or not. I object to the statement of my honourable friend. I am as frank as you are. (To witness): Do you know anything about the heaters being used in the house of Mr. McDonald? Previous to the 31st of October, 1913?

A.—No, not previous to that date.

Q.—Can you tell us the names of the ball team they had there?

A.—Do you mean the League name or the names of the members of the team? I think it was a League of some kind.

Q.—Do you know the North Cobalt team?

A.—I knew of them.

Q.—The names of the players?

A.—A few of them.

Q.—Do the names appear on these pay rolls?

A.—I haven't seen the pay rolls.

Q.—Can you give us the names of the team as far as you can?

A.—William Young, I understand, was one; Dave Morrell, Johnny Dewar, and a person named McKee. It would take some time to think of all of them.

MR. McKEOWN: These men had other work besides playing baseball?

A.—Oh, yes.

Q.—Some of them worked on the railway?

A.—Yes.

MR. ELLIOTT: How many worked on the railway that were on the baseball team?

A.—Young, Dewar, and Morell.

Q.—What months were they playing?

A.—Part of the summer.

Q.—Were these members of the team being paid by the railway company for the time they were playing?

MR. CHAIRMAN: I don't know whether he could know that or not.

MR. McKEOWN: If he doesn't know of his own personal knowledge he shouldn't say so.

MR. ELLIOTT: Can you tell as to that?

WITNESS: I remember a conversation with Young and he told me he had \$3.50 a day, full time.

Q.—How much of that time was he working for the baseball team?

MR. CHAIRMAN: Surely that isn't evidence. Young might have had a flight of the imagination.

MR. ELLIOTT: Where is Young now?

A.—He was working in the barns.

MR. McKEOWN: Have they a baseball team in connection with the railway?

A.—No, sir.

MR. McKEOWN: I thought they might have had a club among the employees of the railway.

MR. ELLIOTT: That would be in a different class. This club was not in connection with the railway.

MR. McKEOWN: If you allowed a man to go out and play ball you would not dock him for his time.

MR. McKEOWN: That is not what the witness says. . . How much time did these men put in playing ball?

A.—I cannot say. As often as the team played.

Q.—What time did they put in with the company?

A.—The remainder of the time.

MR. CHAIRMAN: Do you attend every game?

A.—No.

Q.—You would not know if they played every game?

A.—No.

MR. CHAIRMAN: That is the difficulty of speaking unless you have certain knowledge.

MR. ELLIOTT: Do you know anything about the sale of goods of the Company? Of copper wire being sold as junk?

A.—Not within those dates.

Q.—Do you know of any instructions being given with regard to carrying electors to the polls on these cars?

A.—No, sir.

Q.—You were not there in December, 1912, were you?

A.—No, sir.

Q.—I suppose the pay sheets would show who were the conductors at that time?

A.—Yes.

Q.—Was it before or between the 31st of October, 1911, and the 31st of October, 1912, that whatever occurred in regard to the sale of this copper wire?

MR. CHAIRMAN: He said it was not in that year.

MR. ELLIOTT: You said it was not in that year?

MR. McKEOWN: That is as far as you can go.

MR. ELLIOTT: I would like him to say ———

MR. CHAIRMAN: He will not say.

MR. ELLIOTT: Then that is all.

William Robinson, called and sworn; examined by Mr. Bowman.

MR. BOWMAN: Were you an employee of the Province between the 31st of October, 1911, and the 31st of October, 1912?

A.—Yes.

Q.—Within that period you were constantly employed?

A.—Yes.

Q.—You were constantly employed from the 31st of October, 1911, and the 31st of October, 1912?

A.—Yes.

Q.—In what occupation?

A.—I was cowman; looked after milking the cows

Q.—Where?

A.—At the Queen Street Asylum.

Q.—For what purpose were you working in the Asylum?

A.—I was supplying the milk for the institution.

Q.—For the patients and attendants?

A.—Yes.

Q.—During that year was any examination made of the cows in your charge at the Queen Street Asylum by a veterinary?

A.—Yes, there was.

Q.—Who made it?

A.—Mr. Hurd.

Q.—In your presence?

A.—I was there some of the time. He came several times.

Q.—Do you know anything as to the result of the examination?

MR. CHAIRMAN: Are you a veterinary?

A.—No.

Q.—Then you can hardly tell as to that.

MR. BOWMAN: Hurd stated that he examined the cows then and some of the cows were found to be affected with tuberculosis. After the examination by Dr. Hurd was any change made in the herd of cows?

A.—No, they were all the same.

Q.—You didn't sell any of them?

A.—No.

Q.—Did these cows remain in the Queen Street Asylum during that entire year—from the 31st of October, 1911, to the 31st of October, 1912?

A.—No. I took them to Whitby on the 3rd of July.

Q.—The entire herd?

A.—Yes.

Q.—What did you do with them there?

A.—Put the cows out and milked them and sent the milk to the Queen Street Asylum, except what was used at Whitby.

Q.—Did you have any other cows in your charge in addition to these sent down from the Queen Street Asylum?

A.—Yes.

Q.—What other cows?

A.—Some cows came down from the Prison Farm; there were eighteen or twenty of them.

Q.—Who gave them into your charge?

A.—Mr. Todd.

Q.—He is the farm director?

A.—Yes.

Q.—When he placed them in your charge did he give any instructions; any reason as to why these cows were being added to your herd?

A.—He said to dry them up, as quickly as I could.

Q.—Did he give any reason?

A.—He said they were condemned.

Q.—Did you dry them up?

A.—As far as I could.

Q.—Why was that?

A.—They were in calf.

Q.—What was done with the milk from these cows?

A.—It was put together and sent up to the Queen Street Asylum with the milk the cows produced that came from the Asylum, except what was used at Whitby.

Q.—That is, the milk from these eighteen or twenty cows from the Prison Farm, which it is said were condemned and you were instructed to dry out?

A.—Yes.

Q.—If as a result of Mr. Hurd's investigation of the cows you had in your charge—if any of them were affected with tuberculosis, they were not removed from the herd and were all shipped to Whitby?

A.—Yes.

Q.—Of those shipped to Whitby—two of those at the Queen Street Asylum were condemned?

A.—Yes.

Q.—You received certain instructions as to the milk from these cows, as to the use to be made of it? Some was to be used at Whitby and some sent to Toronto?

A.—Yes.

Q.—What was used at Whitby?

A.—No instructions were given to make any difference.

MR. McKEOWN: Weren't you given instructions to send only the milk from the good cows to Toronto?

A.—I got no such instructions.

Q.—Do you know that the milk sent to Toronto was pasteurized before it was used?

A.—Yes, I know it was.

Q.—So that the milk pasteurized and used in Toronto would be perfectly free from any taint—as far as you know?

A.—As far as I know.

Q.—So that as far as you know the milk used at Toronto was perfectly good?

A.—It couldn't be.

Q.—Would you be a party to sending any milk out that you knew to be tainted? Answer the question.

A.—I know ———

Q.—Did you know these cows were condemned?

A.—I did.

Q.—Did you then, knowing that, and having charge of these cows that had been condemned, make use of the milk from these cows?

A.—I had to go by my instructions.

Q.—You being the man in charge made use of this milk without this milk being pasteurized?

A.—Yes.

Q.—And you lost your position?

A.—I resigned.

MR. BOWMAN: You asked a question as to how the milk was treated. You knew the milk was pasteurized, and you expressed your opinion that the milk was pure. Do you know the effect of pasteurization?

A.—I cannot say as to that.

Q.—You do not know as to whether pasteurization destroys germs or not?

A.—No.

MR. CHAIRMAN: He is not a veterinary.

MR. BOWMAN: Yes, and for that reason I say his evidence on that has no value. (To witness): Were you responsible for the distribution of the milk?

A.—Yes, I was responsible.

MR. McKEOWN: No wonder you lost your position, Mr. Robinson.

MR. BOWMAN: Mr. Robinson, the statement is made here that you lost your position, practically intimating that you were dismissed. I understand that you resigned? What are the real facts?

The Chairman held that this had nothing to do with the matter, and the witness was excused.

Mr. Elliott asked whether Col. Belcher, who was ordered to attend the Committee would be able to do so that day or the next. There was some discussion with regard to this and finally the Chairman promised to ascertain definitely what Col. Belcher's condition was, and whether he would be recovered from his illness sufficiently to attend.

Mr. Aubrey White, called.

MR. ROWELL: Mr. White, does this item of \$220,000, appearing on page A. 24, of the Public Accounts, include the proceeds from the sale of two townships to the Jackson syndicate?

A.—Yes.

Q.—What sum was received for the sale of those two townships?

A.—\$98,838.

Q.—When were negotiations for the sale of these townships opened?

A.—I am not prepared to say, because the negotiations at first were with the Minister.

Q.—When did the negotiations first come to your knowledge?

A.—When the agreement was drawn up.

Q.—Have you a copy of the agreement here?

Mr. White explained that he had not received word that any particular papers or agreements covered by the item of \$220,595 were required, and after some discussion upon the point Mr. White went to his office and returned with the papers. (Agreement produced).

MR. ROWELL: This agreement is dated the 14th day of June?

A.—Yes.

Q.—Can you tell us for how long a period negotiations had been going on before this agreement was entered into?

A.—I am not in a position to say.

Q.—Can you tell me how long before the agreement was entered into the negotiations occupied? To your knowledge?

A.—Not very long. I cannot say within a few days.

Q.—The agreement is dated the 14th day of June, 1912, and I see the Order-in-Council is dated the 18th of June?

A.—Yes.

Q.—Then you cannot give any idea of how long it was prior to that?

A.—No, I cannot.

Q.—Was a formal application put into the Department requesting the granting of these two townships?

A.—The papers are all there, sir. I think the matter was under negotiation and came to me when the Minister was ready to have the agreement made.

Q.—I see the agreement which was originally entered into was with Willis K. Jackson, Esq., H. Wigle, and W. H. Rushworth, signed the 14th day of June, and the same date there is an agreement, assigning to Willis K. Jackson and E. T. Jackson.

A.—That is in the papers.

MR. ROWELL: The agreement will be exhibit 58, and the assignment 59. (To witness): Do you know what interest Wigle and Rushworth had in it?

A.—I do not know.

Q.—Did you know their relation to it?

A.—No.

Q.—Can you tell me from what is on record in your department with reference to the matter?

A.—The papers will show.

Q.—The agreement seems to be the earliest data I have; you haven't an application in connection with these townships?

A.—No.

Q.—Any report in the Department as to the timber in these townships?

A.—Not except what we get from the surveyors' reports. Those are general surveyors' reports of the running out of the townships.

Q.—You have no special report?

A.—No, no special examination.

Q.—Have you any valuations made as to the value of the timber in these two townships

A.—No.

Q.—Did any officer of the Department make an inspection of these two townships before the agreement was entered into?

A.—Not except the surveyors' inspections.

Q.—What year was the surveyors' inspection?

A.—I can't say; two or three years ago.

Q.—When you speak of the surveyors' reports; is that the general notes of the surveyor in laying out the township?

A.—When they are running out the townships, yes.

Q.—I realize the difficulty where you are dealing with so many townships, but, as nearly as you can, tell me what would be about the date of these reports of the surveyors?

A.—I cannot say. If I had known I was to speak of these papers I would have. I was called on to produce everything in connection with that item of \$220,000.

Q.—Can you say within two or three years?

A.—I do not think it is more than three or four years since the time it was surveyed.

Q.—Did the reports in the Department before you at the time this matter was dealt with show the quantity of timber in these townships?

A.—No, no; they show the varieties, but not the quantity.

Q.—Had you any information in the Department by which you could arrive at the quantity of timber on the two townships?

A.—No.

Q.—Had you any information in the Department by which you could arrive at the value of timber in these townships?

A.—No.

Q.—Have you any information in the Department as to the quantity of timber in these two townships?

A.—No, not as to quantity.

Q.—No information as to the value of the timber?

A.—No.

Q.—Can you tell me just where these townships are located?

A.—I think, perhaps, twenty or thirty miles west of Cochrane, on the Transcontinental.

Q.—Are these townships intersected by rivers—what river intersects?

A.—The Frederickhouse, I think.

Q.—One of the largest rivers in that part of the country, isn't it?

A.—Oh, no; it is a comparatively small river.

Q.—Is it a river large enough for floating timber?

A.—Oh, yes.

MR. MCGARRY: What way would the timber go—to Hudson's Bay?

A.—Yes, to Hudson's Bay.

MR. ROWELL: It would float to the railway—in the portion south of the Transcontinental. . . . Is there a water power adjoining these townships?

A.—Yes, but that is reserved.

Q.—Was there a townsite?

A.—Yes, but they didn't get that.

Q.—They have no rights to the townsite?

A.—Except a few lots, where they were cleared.

Q.—Is there any thing to prevent them laying out a townsite of their own?

A.—If they did the Crown would be entitled to twenty-five *per cent.* of the lots.

Q.—Then, can you tell me what reports you have as to what has been done since by the Jackson Syndicate in connection with it?

A.—I think there is somewhere a report about it. (Report produced).

Q.—Can you tell me if they have commenced to put up their mills?

A.—Oh, yes.

Q.—What mills?

A.—A saw mill for one.

Q.—Have they their men at work at this mill?

A.—Yes.

Q.—I suppose they are putting up houses for the men?

A.—Yes.

Q.—Then, are they shipping out their timber, do you know?

A.—I do not think so. I have not heard of any shipments.

Q.—You do not know whether they are shipping out timber from there?

A.—I cannot say. I know they are buying pulpwood from the settlers. I suppose they are selling it to someone. I understand they are shipping out pulpwood.

Q.—Who is Mr. McDonald?

A.—Our timber agent.

Q.—Residing where?

A.—At Cochrane.

Q.—Here is a map on a small plan, attached to this report. It shows the river running right through both these townships and the railway intersecting. They are nicely located townships, are they not?

A.—They are well located.

Q.—Can you tell from the reports in the Department whether these are the nicest townships on the line?

A.—They are not the best townships by any means. They are fair average townships.

Q.—On what do you base that opinion?

A.—On my knowledge of the country.

Q.—Have you made an examination yourself?

A.—Yes.

Q.—Which townships are better, Mr. White?

A.—I can't say just now, but I can get it for you. There are a number of townships that are better.

Q.—Can you tell anything about the quantity of timber on them?

A.—When I say better, I am speaking of agricultural lands.

Q.—You wouldn't speak as to the best townships as to timber?

A.—I don't know about that.

Q.—I was speaking of the timber. Can you tell me if these are the best two townships for timber—that is, in your opinion?

A.—I think probably if you wanted that information, Mr. Whitson could speak as to that.

Q.—I see there is a further assignment made to the Northern Ontario Colonization Company, Ltd.?

A.—I think there is. (Assignment marked Exhibit 58).

Q.—Have any patents been issued yet?

A.—They have made application. I don't think any patents have gone yet.

Q.—I do not see any report here. Mr. White, from you as Deputy in this connection. Did you make any report?

A.—I didn't make any report.

Q.—You were not asked to report, by the Minister?

A.—No.

Q.—You yourself cannot give any information as to the inception of the transaction and the parties, any more than you have given?

A.—No.

Q.—Who in the Department could give further information on the matter?

A.—Nobody could give any further information except the Minister himself.

Q.—Do you know the name of the resident manager for Mr. Jackson up there?

A.—I do not.

Q.—What lumber company of Buffalo is connected with Jackson and Tyndall? The assignment from the parties named in the original agreement was to the Jackson and Tyndall Lumber Company. They assigned to the Ontario Colonization Company. It got into Jackson-Tyndall Company's hands exactly the day it was signed up?

A.—Whatever the date is there.

MR. MCGARRY: Mr. White, I want to ask you in reference to the townsites. It is a fact that townsites can not be laid out without the consent of the Minister, is it not?

A.—Yes.

Q.—And it is a fact that no pulpwood can be shipped outside Canada?

A.—Yes.

Q.—And by the violation of any of the terms of the agreement the parties to the agreement lose their rights under the agreement?

A.—Yes.

Q.—One word more. The minerals and white pine are reserved?

A.—Yes.

MR. ROWELL: There is no considerable quantity of white pine there is there?

A.—There is no pine there.

MR. ROWELL: It is beyond the pine belt?

A.—Yes.

The witness was then excused, and the Committee adjourned.

PUBLIC ACCOUNTS COMMITTEE.

April 23rd, 1913.

Mr. McGuigan called and re-examined.

MR. ROWELL: Mr. McGuigan, have you been to Montreal yet?

A.—I have not, Mr. Rowell.

Q.—And you have not then, got the Muralt agreement?

A.—No, I am not sure I could find it if I were to go there.

Q.—But you have not been down to see?

A.—No, I did not think I was called upon to go down unless I had other business.

Q.—Can you tell me when you are likely to be in Montreal?

A.—Well, I expect to go there soon, probably this month.

Q.—When you were here under examination before I asked for the production of your agreement with C. B. Smith and you declined to produce it?

A.—I am still of the same mind. In view of this other litigation I do not feel that I should give any testimony which might in any way prejudice that case.

Q.—And because of that you decline to produce the agreement with Mr. C. B. Smith?

A.—I have been advised by counsel not to produce anything more.

Q.—Can you tell me this; was one of the terms of that agreement with Mr. Smith that he should carry on negotiations with reference to securing the contract, or assist you in such negotiations?

A.—I cannot see that it will affect my other litigation to answer that question. I would therefore say, yes, it was.

Q.—And he did act under the agreement in that capacity for you?

A.—Yes.

Q.—Then we asked you on the last occasion to turn up the correspondence in reference to the claim you filed with the Commission in the early part of the year 1911. You said you thought you could turn it up and show what claim you filed?

A.—I have not been able to locate that yet. I have got fragments but not a continuous record. I have been unable to pick up all the leaves that are detached. After closing our office the papers were packed in boxes and they were not very carefully handled.

Q.—Can you give us any further light on that matter this morning?

A.—I do not think I can, Mr. Rowell.

Q.—Then are the exhibits here? I want to look at the Muralt tender?

MR. CHAIRMAN: I am just advised that Mr. Pope is ill. He was here yesterday against his doctor's orders. Mr. Settell is here.

MR. ROWELL: Have you the exhibits, Mr. Settell?

MR. SETTELL: No, sir.

MR. ROWELL: I suppose you can get them from the office?

MR. SETTELL: Yes, sir.

(Mr. Settell leaves to get exhibits).

MR. ROWELL: Then, Mr. McGuigan, I asked you the other day with reference to certain conversations you had had with officials of the Commission at the time the settlement was under way in regard to which you stated what would happen if you did not get what you considered a just settlement. I want to ask you again, Mr. McGuigan, if, in these conferences or negotiations, with a view to arriving at a settlement, you stated that if you did not get a settlement you would expose something?

MR. CHAIRMAN: He gave us an answer to that the other day.

WITNESS: I will have to give the same answer.

MR. CHAIRMAN: He said that in the heat of the moment he might have said lots of things he wouldn't care to repeat.

MR. ROWELL: I want to press the matter and see what he says?

WITNESS: I decline to answer any further than I have done.

Q.—You decline to answer?

A.—Yes, sir.

Q.—Will you tell me, Mr. McGuigan, the circumstances that led up to the abandonment of the arbitration and the settlement of the matter by agreement—that is, what were the circumstances immediately that led to that immediate result?

A.—I thought that Judge Teetzel himself was the principal factor. I thought he was not feeling well enough to continue these long sessions and he suggested that a matter of this kind ought to be susceptible of adjustment by the parties.

Q.—We have his statement here. But how was the matter opened up; who made the first approach, one side to the other?

A.—I cannot answer that question?

Q.—You cannot answer that question?

A.—I do not know.

Q.—Who approached you in connection with it?

A.—My discussion was principally with my solicitor.

MR. CHAIRMAN: I thought the notes of evidence showed that Judge Teetzel himself suggested it to the two counsel.

MR. ROWELL: The notes of evidence show that it went off on that.

MR. CHAIRMAN: Judge Teetzel made the suggestion that counsel should get together and make an arrangement. It did not come from any party, but from the Judge.

MR. ROWELL: The notes of evidence just bear out that particular view of it I think. The notes are here and the statements of counsel as to it, but what I want to get at is how the matter was taken up after that. Was it taken up by Mr. Smith?

A.—I was in Montreal most of the time. It was handled exclusively by Mr. Tilley. Mr. Smith participated.

Q.—You yourself were in Montreal at the time?

A.—Most of the time. I used to come here.

Q.—Did you yourself see any officer of the Commission in connection with a settlement or was it wholly done by Mr. Smith?

A.—I talked with Mr. Pope a few times when I was in here.

Q.—I mean this particular settlement at the time you dropped arbitration?

A.—The matter was handled almost exclusively by Mr. Tilley and Mr. McLeod of my office; that is, Mr. Tilley consulted with Mr. McLeod and Mr. Smith; Mr. Smith did some of the negotiating.

Q.—Did you see any of the parties in connection with the settlement?

A.—I did not talk with anybody but Mr. Pope, but we had a conference with Mr. Staunton one night at the Walker House, when he was kind enough to tell me: "Suppose we admit we owe you every cent, and tell you we won't pay you, what will you do about it?" I thought that was a fair sort of proposition to come from the Government.

MR. CHAIRMAN: It came from Staunton.

WITNESS: Well, Staunton represented the Government. It amounted to the same thing.

MR. ROWELL: Then until we get the further papers there is not much further I want to ask you, Mr. McGuigan, except that I want to ask the Chairman in regard to his ruling on Mr. McGuigan's statement that he declines to answer further my question as to what took place at the time they were seeking to negotiate a settlement.

WITNESS: May I say, Mr. Rowell, that I have made that statement by advice of counsel, that I should not give any more testimony until I have the litigation finished.

MR. CHAIRMAN: I think we agreed the other day, everybody thought it was a reasonable and proper position for him to take.

MR. ROWELL: When do you anticipate the litigation will be concluded?

A.—I cannot tell that. You know as much about the speed of the courts in litigation as I do. You can guess at it as close perhaps.

Q.—Well, this particular matter you refer to is now in course of arbitration, is it not? Can you tell how long it will be?

A.—If it is as speedy as the negotiations with the Commission we may get through in a year or two. It took me two years for that.

Q.—When was it you finally got your first hearing?

A.—I will have to look up the documents. I cannot say from memory.

Q.—Do you recall the date when you got the arbitrator appointed?

A.—I think that is shown.

MR. CHAIRMAN: The exhibits show that. You can scarcely expect him to remember all that. (Exhibits produced by Mr. Settell).

MR. ROWELL: Now, I have the exhibits, Mr. McGuigan; I notice in the letter accompanying the Muralt tender of July 14th, 1908, in the third paragraph of the letter, Mr. Muralt states: "Items 6 and 7, erection of galvanized steel ground cable; my bid of \$22 *per* mile of single cable covers erection and attaching only. If you wish me to do so I will also arrange to supply the cable. The price varies from 70 cents to \$2 *per* hundred feet, according to tensile strength desired by you." Those would be the items appearing in the tender, items 6 and 7, where \$22 is given as the price?

A.—I assume so. I know nothing about his tender to the Commission.

Q.—Except what you told us?

A.—I know what his figures were.

Q.—What was the cable used in connection with these items?

A.—I cannot say what cable he was referring to. The tender was made both ways, and so far as erection went it would have made no difference.

Q.—Who supplied the cable for that?

A.—I did.

Q.—You supplied that particular cable?

A.—Yes.

Q.—Was that covered by the Aluminum Company's contract?

A.—Yes, the aluminum. The steel ground cable was furnished by the Dominion Wire Company, of Montreal.

Q.—Was that covered by their tender and specifications?

A.—I do not think I quite understand you, Mr. Rowell.

Q.—We will go back a step. The items 6 and 7 refer to what portion of the line?

A.—I take it the whole line.

Q.—But those two items. If you will just glance through the tender, Mr. McGuigan, and come down to items 6 and 7.

A.—Items 6 and 7 refer to practically the same thing. Item six is for the erection of three galvanized steel ground cables and attaching to double circuit towers *per* mile of single cable \$22. No. 7 is for the erection of one galvanized steel ground cable and attaching to single circuit towers. It is simply double or single circuit. The rate *per* mile is the same, \$22.

Q.—That work was done by the Muralt Company?

A.—Yes.

Q.—That was done for you under the subcontract?

A.—Yes. And at those prices.

Q.—What cable was used for that particular portion of the work?

A.—Steel cable, I think, as described, galvanized steel cable.

Q.—Who supplied that?

A.—I supplied it.

Q.—Under what sub-contract did you purchase that?

A.—My recollection is the name of the Montreal manufacturer, was the Dominion Wire Company.

Q.—How much did that amount to? Can you tell?

A.—I could not tell you offhand. I could turn it up approximately.

Q.—Give me a general idea; just those two items?

A.—I could not give you the exact amount without referring to figures. I have here the approximate cost of the whole in an old memorandum. That included both cable and wire. I show the cost to be \$294,000.

Q.—That includes the Aluminum Company's contract?

A.—Yes, that includes the Aluminum Company's contract.

Q.—Can you tell me whether these two items would amount to \$10,000 or \$20,000?

A.—The ground cable?

Q.—Yes, for that particular part?

A.—My recollection is that we paid the Dominion Wire Company from \$35,000 to \$40,000 for it.

Q.—Your recollection is that you paid the Dominion Wire Company from \$35,000 to \$40,000 for it?

A.—Yes, but I might be mistaken as to that.

Q.—You can turn that up for us?

A.—Yes. There will be no difficulty about that.

Q.—Was that material which under the specifications should be supplied by Muralt and Company?

A.—No, sir, his tender was for labor, but as I take it from the clause of his letter you pointed out, he suggested that he would supply that. He tendered to me for the labor only. He did not furnish anything. You asked the question the other day—or rather I brought it up. I am trying to correct the impression, which might do me an injustice, appearing in the papers, that there was a difference of \$100,000 or \$145,000. The total erection of the transmission line, according to my figures, was \$224,000, and the telephone line about \$85,000. A discrepancy, therefore, of \$145,000 would be rather large.

Q.—The discrepancy of \$145,000 would not be in that connection. The discrepancy of \$145,000 was between the Merrill-Ruckgaber-Fraser tender and the Muralt tender.

A.—I think you have got that wrong. They were away above, up in the clouds.

Q.—Yes, it was much higher?

A.—Yes.

Q.—I think you told us the other day the estimate of the Merrill-Ruckgaber-Fraser was \$200,000 higher?

A.—I thought they were the only people who could build that line, and they were \$285,000 higher than I was.

Q.—What is your recollection now of the amount by which the Merrill-Ruckgaber-Fraser tender exceeded the Muralt tender?

A.—I could not tell you now. They seemed so extravagant that I did not pay any attention to them afterwards. I do not recall that.

Q.—You do not recall the amount, but it was very much higher than the Muralt?

A.—Yes, that is my recollection of it.

Q.—You gave us the other day \$200,000 as the figure, approximately, by which it was higher?

A.—Merrill-Ruckgaber?

Q.—Yes.

A.—I do not recall that.

Q.—I think it is in your evidence. On page 53 you were asked this:

“Q.—That is the Merrill-Ruckgaber-Fraser tender, \$448,000?”

“A.—Then I should say they are pretty near \$200,000 higher than Muralt.”

WITNESS: They are, according to that. My figures here that I have given you, show that their tender was approximately \$224,000.

Q.—\$224,000?

A.—Yes, for the transmission line.

MR. MCGARRY: That is Muralt's?

A.—Yes.

Q.—They were not supplying material?

A.—No.

MR. ROWELL: You say the Merrill-Ruckgaber-Fraser Company were not supplying cable?

A.—I do not understand so. I do not know what their tender was. I knew that Mr. Fraser, who was the man who had been figuring on that, had been building subways in New York, where they were getting \$5 a yard for moving earth, and I was not a bit afraid of his competition.

Q.—Will you tell us, looking at the specifications, what material was to be furnished by the Commission?

A.—They furnished nothing except high tension insulators, under my contract—and the right of way.

Q.—In advertising for the unit tenders for, first, towers; second, wire cable, and third, erection, what was included under the towers and cable?

A.—As specified, the tower would be included under one head and the cable under another.

Q.—That would include all the material except what portion?

A.—Well, a tower is one unit, considered as a unit, the aluminum cable another, and the ground wire cable another. The setting of the footings would be another item. The insulators which the Commission furnished would be another item.

Q.—Then, if you take the ground wire cable, your recollection is that it was \$35,000 or \$40,000?

A.—Yes, sir, all of that.

Q.—Well, then, assume for the sake of argument that the Merrill-Ruckgaber-Fraser tender covered this ground wire cable which was not included in

the Aluminum Company's tender and contract, how much would the Merrill-Ruckgaber tender be above the Muralt tender still?

A.—That would be a matter of calculation. I would have to examine the figures.

Q.—The Merrill-Ruckgaber-Fraser tender was \$448,000?

A.—Yes, sir. According to those figures, the Muralt tender, if furnishing the ground wire cable at the prices I now recalled to you would be \$340,000 against \$448,000. When I gave testimony the other day I did not know their tender included anything but labor.

Q.—How did you arrive at those figures, Mr. McGuigan, that you now give there?

A.—I arrive at them by taking the memorandum I made at the time I made the calculations. I bought my stuff even cheaper than I had it here, some \$224,000; for the erection of the transmission line I show here \$85,000; for the telephone line, my recollection is it amounted to \$81,000 in the contract. I have used \$224,000, \$81,000 and \$35,000 for ground cable, making a total of \$340,000.

Q.—As compared with \$448,000?

A.—Yes.

Q.—And including those items the Merrill-Ruckgaber-Fraser tender would be still \$108,000 higher than the Muralt tender?

A.—If that was the figure in their tender.

Q.—\$448,000 was the figure reported on by Mr. Sothman?

A.—Yes.

Q.—That is all.

(Witness excused).

MR. CHAIRMAN: Then we have got to the end of our labors for this session and there is nothing to do but to move the usual motion that a report be made to the House by this Committee.

Before the motion was made, Mr. Elliott moved that the House be asked to issue a Commission to go to New York and secure the evidence of P. W. Sothman, C. L. de Muralt and J. Engh. After considerable discussion the motion was voted down. Mr. Rowell then moved that a report be made to the House setting forth certain matters before the Committee as uncompleted. Mr. McGarry moved in amendment that the usual motion be put, and after some discussion the amendment carried.

The Committee then adjourned.

LIST OF EXHIBITS PRODUCED BEFORE COMMITTEE ON
PUBLIC ACCOUNTS AT SESSION OF 1913.*

1 Hydro-Electric	Not printed	30 Nipissing Central Ry.	Not printed
2 Hydro-Electric	Not printed	31 Nipissing Central Ry.	Not printed
3 Hydro-Electric	Not printed	32 Nipissing Central Ry.	Not printed
4 Hydro-Electric	Not printed	33 Nipissing Central Ry.	Not printed
5 Hydro-Electric	Not printed	34 Nipissing Central Ry.	Not printed
6 Hydro-Electric	Not printed	35 Nipissing Central Ry.	Not printed
7 Hydro-Electric	Not printed	36 Nipissing Central Ry.	Not printed
8 Hydro-Electric	Not printed	37 Nipissing Central Ry.	Not printed
9 Hydro-Electric	Not printed	38 Nipissing Central Ry.	Not printed
10 Hydro-Electric	Not printed	39 Nipissing Central Ry.	Not printed
11 Hydro-Electric	Not printed	40 Nipissing Central Ry.	Not printed
12 Hydro-Electric	Not printed	41 Nipissing Central Ry.	Not printed
13 Hydro-Electric	Not printed	42 Taylor, Scott Co. . . .	Printed.
14 Hydro-Electric	Not printed	43 Taylor, Scott Co. . . .	Printed.
15 Hydro-Electric	Not printed	44 Taylor, Scott Co. . . .	Printed.
16 Hydro-Electric	Not printed	45 Taylor, Scott Co. . . .	Printed.
17 Hydro-Electric	Not printed	46 Taylor, Scott Co. . . .	Printed.
18 Hydro-Electric	Not printed	47 Taylor, Scott Co. . . .	Printed.
19 Hydro-Electric	Not printed	48 Taylor, Scott Co. . . .	Printed.
20 Hydro-Electric	Not printed	49 Hydro-Electric	Not Printed
21 Hydro-Electric	Not printed	50 Hydro-Electric	Not Printed
22 Hydro-Electric	Not printed	51 Hydro-Electric	Not Printed
23 Hydro-Electric	Not printed	52 Hydro-Electric	Not Printed
24 Hydro-Electric	Not printed	53 Hydro-Electric	Not Printed
25 Hydro-Electric	Not printed	54 Hydro-Electric	Not Printed
26 Hydro-Electric	Not printed	55 Hydro-Electric	Not Printed
27 Hydro-Electric	Not printed	56 Re Willis G. Jackson	Printed
28 Hydro-Electric	Not printed	57 Re Willis G. Jackson	Printed
29 Nipissing Central Ry.	Not printed	58 Re Willis G. Jackson	Printed

*Such of the Exhibits as have not been printed can either be seen, or copies procured, at the several Departments to which they belong.

EXHIBIT 42.

TORONTO, June 19th, 1908.

THE HONOURABLE J. W. HANNA,
Provincial Secretary,
Parliament Buildings,
Toronto.

DEAR SIR:—It appears to us that we should be able to approach the questions between us in regard to the Agreement between the Inspector of Prisons, etc., and ourselves in a business-like manner, and that there should

not be any subject of dispute between your Department and ourselves, and we will, we assure you, do everything in our power, consistent with business principles, necessary to avoid friction.

We do not from our point of view see in what respect your Department can say that we have not lived up to the spirit, as well as the letter of the contract; while on the other hand we submit, with all due deference, that we have serious claims and complaints of breaches and non-fulfillment of contract by the other party to it; but if we are taking a too one-sided view of our position, we are open to conviction.

It may, for the purpose of clearing the atmosphere, be as well to state some of the circumstances.

The Agreement is dated the 20th day of July, 1905, prior to which date there had been other contracts, with other contractors, which had not been satisfactory to the Department and under which, we understand, the Department was not paid even the amount contracted for.

We do not think that you have any cause of complaint against us in regard to the promptness of our payments.

The Agreement provides for payment according to a schedule of rates therein set out, said payments to be adjusted every six months to equal three cents *per* hour of each prisoner employed. The operations for one year show that schedule rates did not amount to three cents *per* hour.

On January 15th, 1907, Mr. L. E. C. Thorne called upon us at your request and asked us (for certain considerations and upon certain conditions), to make payments at four cents *per* hour, which we consented to do upon those conditions, and this arrangement was, solely for your convenience, antedated, and we, thereupon, gave to the Treasurer our cheque for \$1,456.60.

The difference between the contract rate and the four cent rate amounts to, approximately, \$3,500 *per annum*.

The modifications or conditions upon which the payment at four cents were to be made were substantially as follows:—

1. That the contract was to run out its full term.
2. That the average term of the prisoners assigned to the North Shop shall be as nearly as possible equal to the average term of the prisoners assigned to the other shops.
3. That Taylor, Scott & Co. should pay for the actual time worked by the prisoners.

4. That Clause 16 of the contract should be interpreted to read that Taylor, Scott & Co. should have 150 h.p. to operate their machines and fans, exclusive of the power required to operate the line shaft friction load.

5. That "other machinery parts" mentioned in Clause 7, was to be interpreted to read that the Government were to repair and replace worn-out parts of machines, such as planer knives, drills, bits, circular saws and band saws, etc.

The latter part of Clause 6, which reads that the Company is to supply cotton waste, oil, and other mill supplies, the words "mill supplies" to read "files, emory wheels, carborundum wheels, sandpaper, quartz, hand-saws, screw-drivers, and other like articles."

We submit, subject to correction, that not one of the conditions, numbers two to five inclusive, of which item four is the most serious, has been lived up

to, nor has our letter of July 9th, 1907, been answered, and the settlement of questions between us in those respects has been allowed to drag along, causing unnecessary friction and annoyance, not only to ourselves, but also to the Department.

Under the above circumstances you surely cannot blame us if we claim to have been and to be still operating under the original contract, *i.e.*, at three cents *per* hour.

Therefore, besides a very serious loss of business in our operations, we have, we think, a claim for the following amounts:—

15th Jan., 1907, to cheque as above at advanced conditional rate ..	\$1,456 60
To repairs to the 30th of May, 1908	822 40
Over payment of labor to 15th of June, 1908	85 13
Paid for fuel (rendered necessary under the circumstances) to the end of May, 1908	2,419 81
Payments at the advanced rate, Jan. 1, 1907, to May 30, 1908	4,437 49

The most serious item of damage to us is, as you will readily understand, in the failure to supply 150 h.p. under the 4th clause of the provisional modifications, and payments made based upon such supply of power. Our direct damages sustained now amount to a large sum without taking into account the very serious injury to our business and as resulting from lack of sufficient power up to 150 h.p. required for the proper and economical working of our plant.

We think that you will, in justice to us, admit that we have been seriously handicapped in our operations by reason of this lack of power.

We would request your attention to clause 18 of the contract of the 20th of July, 1905, under which the Inspector retained the right to install an additional wood-burning Dutch furnace boiler in the North Shop, and to remark that instead of installing such, a coal burning furnace was installed, which was not suitable to the requirements and circumstances.

We do not wish to be unduly captious in our complaints, but on the other hand it is necessary that we conduct our operations without loss to ourselves, and for the purposes of adjusting these matters of difference we will be pleased to meet you and discuss these matters in a business-like manner, or we will appoint a representative to meet you and discuss the matter with you.

Yours respectfully,

TAYLOR, SCOTT & Co.,

Per Geo. C. Taylor.

Toronto, June 23rd, 1908.

DEAR SIR:—I have carefully noted contents of your letter of 19th instant. to hand this morning. In compliance with the suggestion you make, I shall

advise you as soon as possible as to when I could meet a representative of your firm for a discussion of the various matters at present in dispute.

Very truly yours,

GEO. C. TAYLOR, Esq.,

MESSRS. TAYLOR, SCOTT & Co.,

Strachan Avenue,

Toronto.

EXHIBIT 43.

Toronto, February 16th, 1911.

J. T. GILMOUR, Esq.,

Warden, Central Prison,

Toronto.

DEAR SIR:—We beg to acknowledge receipt of yours of the 14th.

We have revised our figures as contained in ours to you of the 27th ultimo, and give you herewith the data so far as can be ascertained.

Certain items have, of necessity, to be estimated. We have no doubt, however, but that we can justify them and more before any tribunal, as we consider that they are, and have intentionally made them, well within the mark.

Item 4, \$1,670.27, reduced to	\$ 1,669 66
by computation of payments to foremen and for prisoners during shut-downs aggregating 27,885 hours.	
Item 1 has been cut from \$2,500 to	2,161 87
on the working out of profits.	
Item 2 has been increased from \$6,300 to	8,819 68
for the same reason as next preceding item was reduced, &c.	
Item 3 reduced from \$4,850.32 to	4,830 79
by actual vouchers.	
Item 5 in ours of the 27th has been reduced from \$2,149.22	
to	1,981 02
as some emery wheels, etc., were not chargeable.	
Total	<hr/> \$19,463 02

We append hereto itemized statements, reserving, however, the right to increase same.

Our books are open to inspection by the Department's representatives at all reasonable times, for the purposes of verification, and we would be pleased if you would accord us the same privilege respecting your and the Department's books and files.

Yours very truly,

TAYLOR, SCOTT & Co.,

Geo. C. Taylor.

ITEM No. 1.

27,885 hours idle, prisoners and foremen\$ 1,669 66

ITEM No. 2.

Actual shut-downs, 27,885 idle hours

Loss of profits on products\$ 2,161 87

ITEM No. 3.

Lack of power. Deficiency of at least an average of 10 h.p. for five years.

Consequent loss of profits on products\$ 8,819 68

ITEM No. 4.

1906.

Sept. 30th, 16 tons coal	\$2 90	\$46 40
“ 18th, 9¾ cords slabs	1 75	17 06
Oct. 31st, 18 cords slabs	2 90	52 20
Nov. 17th, 16 cords slabs	3 00	48 00
Nov. 28th, 12½ cords slabs	1 75	21 88
Dec. 7th, freight on above	—	13 60
“ 7th, 17 cords slabs	3 00	51 00
“ 23rd, 22 cords slabs	3 00	66 00

1907.

Jan. 18th, 19¾ cords slabs	3 00	59 25
“ 21st 11½ cords slabs	2 90	33 35
“ 28th, 16½ cords slabs	3 00	49 50
“ 31st, 14½ cords slabs	2 90	42 05
Feb. 1st, 13½ cords slabs	2 90	39 15
“ 1st, 14½ cords slabs	2 90	42 05
“ 9th, 52-10 coal	3 38	177 45
“ 15th, 21-15 coal	2 81	61 12
“ 15th, 2-6½ coal	3 38	7 92
Mar. 16th, 30-17 coal	3 38	104 27
Apr. 13th, 21-3 coal	3 38	71 48
“ 13th, 10 coal	3 80	38 00
“ 12th, 1-19 coal	3 38	6 59

May 17th, 7-8½ coal	2 81	20 87
Jun. 14th, 47-9 coal	2 81	133 33
July 3rd, 5-8 coal	3 53	19 09
“ 23rd, 38-5 coal	3 53	135 02
Nov. 15th, unloading car	—	1 00
“ 19th, 3-12 coal	3 53	12 71
“ 30th, 46-16 coal	3 93	183 92
Dec. 31st, 5-15½ coal	3 53	20 38
“ 31st, 35-4 coal	3 53	124 26

1908.

Jan. 2nd, 5-8 coal	3 53	19 06
“ 31st, 32-7 coal	3 53	114 20
Feb. 27th, 7-10 coal	3 53	26 48
“ 5th, Unloading car	—	1 00
“ 11th, Unloading car	—	1 00
“ 29th, 52-1 coal	3 53	183 74
Mar. 19th, 3-7½ coal	3 53	11 92
“ 23rd, 34-13 coal	3 83	132 71
Apr. 30th, 3-0 coal	3 53	10 59
“ 30th, Unloading car	—	1 00
May 15th, 35-6 coal	3 53	124 61
“ 29th, 25-2 coal	3 53	88 60
July 13th, 3-12 coal	3 72	13 39
“ 9th, 41-12 coal	3 72	154 75
“ 13th, Unloading car	—	1 00
Oct. 14th, 31-12 coal	3 72	117 55
Nov. 27th, 41-11 coal	3 72	154 57
Dec. 31st, 3-12 coal	3 72	13 39
“ 31st, Unloading car	—	1 00
“ 29th, 41-15 coal	3 72	155 31

1909.

Jan. 29th, 43-4 coal	3 72	160 70
Feb. 8th, -12 coal	3 72	2 23
“ 24th, 42-18 coal	3 72	159 59
Mar. 23rd, 41-3 coal	3 72	153 08
Feb. 25th, -12 coal	3 72	2 23
Mar. 25th, -12 coal	3 72	2 23
Apr. 23rd, 44 coal	3 72	163 68
May 26th, 42-8 coal	3 72	157 73
“ 20th, 2-14 coal	3 72	10 04
“ 27th, Unloading car	—	1 00
July 9th, Unloading car	—	1 00
“ 6th, 2-8 coal	3 72	8 93
“ 6th, 41-3 coal	3 55	146 08
Sep. 8th, 45-2 coal	3 55	160 10
“ 7th, 1-18 coal	3 55	6 75
“ 4th, 1-18 coal	3 55	6 75
“ 9th, 1-18 coal	3 55	6 75

Oct. 11th, 46 coal	3 55	163 30	
July 9th, Unloading car	—	1 00	
Oct. 14th, Unloading car	—	1 00	
“ 11th, 49-8 coal	3 48	171 91	
Dec. 15th, 39-13 coal	3 48	137 98	
“ 15th, 18-10 coal	3 48	64 38	
“ 14th, 4-280 coal	3 73	15 44	
1910.			
Jan. 18th, 29-7 coal	3 48	102 14	4,830 79

ITEM No. 5.

REPAIRS. 1905:

Oct.	2 Band Saws 3-8 in., 21 ft. 4 in.	12	5 12	
	1 Band Saw, 5-16 in., 21 ft.	11½	2 45	
	Less 30 per cent.			
	3 Brazes	25	75	75
	2 Band Saws 2½ in., 21 ft. 6 in.	85	36 55	
	Less 60-10-5			12 51
	4 Circular Saws, 16 in.	2 50		10 00
Nov.	2 - 13-16 Forstner Bits	1 15		2 30
Dec.	2 Band Saws, 3-8 in., 21 ft. 4 in.	12	5 12	
	Less 50 per cent.			
	12 - 1½ in. Sticker Knives	50		6 00

1906.

Jan. 19	1 Side Lace Leather, 6½ lbs.	65		4 23
Jan. 23	1 lb. Belt Cement			50
Feb. 15	1 Side Lace Leather, 7 lb.	65		4 55
Feb.	1 Band saw, 5-16 in., 21 ft. 4 in.	05½		1 18
Mar. 13	1 side of Lace Leather, 5¼ lbs.	65		3 41
Apr. 5	1 side of Lace Leather, 6¼ lbs.	65		4 06
“ 30	1 side of Lace Leather, 5¼ lbs.	65		3 41
May 14	1 side of Lace Leather, 6¾ lbs.	65		4 39
	19¼ ft., 2½ in. Belting	43	8 28	
	24 ft., 3½ in. Belting	63	15 12	
	14½ ft., 4½ in. Belting	82	11 89	
	Less 60-10-10			11 44
	Sprocket Chain			82
	1 Friction Belt Drive			1 00
Jun. 8	1 Side Lace Leather, 5 lbs.	65		3 25
Jun. 26	1 Side Lace Leather, 5½ lbs.	65		3 58
July 14	1 Side Lace Leather, 11 ft.	35		3 85
	1 Drill			1 43
	2 - 5-8 Forstner Bits	95		1 90
	2 - 15-32 Drills	65	1 30	
	2 - 29-64 Drills	63	1 26	
	Less 50-10			1 16

Aug. 1	2 - 4½ in. Forstner Bits	90		1 80
	1 - 2¾ in. Jennings Bits	60		60
	6 - 3-16 in. Gimlet Bits	80		40
	6 - 21-64 Jobbers' Drills	19		1 14
	1 Side Lace Leather, 7¼ lbs.	65		4 71
Sep.	1 Side Lace Leather, 5½ lbs.	65		3 58
	1 Side Lace Leather, 10 lbs.	35		3 50
	1 Auger Bit	68		68
	1 doz 3-8 Auger Bits	3 80	3 80	
	1 doz. 7-16 Auger Bits	4 40	4 40	
	Less 5 per cent.			7 79
	4 - 7-8 Forstner Bits	1 05		4 20
	2 Band Saw Tires, 5 15-16			8 02
	Labor and Material covering band saw			2 75
	3 - 58 Twist Drills	1 05	3 15	
Oct.	Less 50-10			1 42
	6 - 3-8 Twist Drills	34		2 04
	2 Band Saws, ½ in., 17 ft. 6 in.	06½		2 27
	4 - 15-32 Twist Drills	60		2 40
	2 12-20 Silver Solder	70		1 82
	2 - ¼ in. Twist Drills	29		58
	2 - 11-16 in. Twist Drills	1 15	2 30	
	Less 50-10			1 04
	1 Band Saw, 5-16 in., 21 ft. 4 in.	05½	1 18	
	1 Band Saw, 3-8 in. 21 ft. 4 in.	06	1 28	
	1 Band Saw, ½ in., 21 ft. 4 in.	06½	1 39	
	1 Band Saw, 5-16 in., 17 ft. 6 in.	05½	96	
	1 Band Saw, 3-8 in., 35 ft.	06	2 10	6 91
	1 Side Lace Leather, 10 in.	35		3 50
	1 Side Lace Leather, 6½ lbs.	75		4 88
	1 Side Lace Leather, 4 lbs.	75		3 00
1906				
Nov.	6 3-8 in. Auger Bits	2 30		1 15
	7 Circular Saws, 7½ in., less 50 p. c.	2 28	15 96	7 98
	1 - 5-16 in. Twist Drill			34
	6 Trucks	6 50		39 00
	2 19-32 Twist Drills, less 50 and 10.	95	1 90	84
	1 Side Lace Leather, 6½ lbs.	75		4 88
	1 Side Lace Leather, 8 lbs.	75		6 00
Dec.	1 Side Lace Leather, 10½ lbs.	75		7 88
	2 - 11-16 in. Twist Drills	55		1 10
	2 - 3-8 Band Saws, 21 ft. 4 in.	12	5 12	
	2 - ½ in. Band Saws, 21 ft. 4 in.	13	5 55	
	Less 50 per cent.			5 33
	2 Rip Saws, 14 in., less 50 per cent. at	5 82		5 82
1907				
Jan.	1 Side Lace Leather, 6½ lbs. at	75		4 88
	10 lbs. Lace Leather	70		7 00

	1 Rip Saw, 5 $\frac{3}{4}$ in.			1 35
	2 Rip Saws, 5 $\frac{1}{2}$ in.			2 70
	2 Band Saw Wheel Tires.....	1 35		12 99
	2 Band Saws, 5-16 in., 21 ft. 4 in....	05 $\frac{1}{2}$		2 35
	1 Doz. 3-16 Twist Drills			1 00
	3-5-8 Auger Bits	27		81
	1 Band Saw, $\frac{1}{4}$ in., 21 ft. 4 in....	05		1 07
	1 lb. Belt Cement			50
	1 Band Saw Wheel Rubber			1 25
Feb.	2 Band Saws, $\frac{1}{4}$ in., 21 ft. 4 in....	05		2 14
	2 - $\frac{3}{4}$ in. Twist Drills	60		1 20
	2 - 1 in. Forstner Drills	1 15	2 30	
	2 - 13-16 in. Forstner Drills.....	1 05	2 10	
	3 - 13-16 Machine Drills	1 25	3 75	
	Less 10 per cent.			7 34
Mar.	Hammering 2 $\frac{1}{2}$ in. Band Saw			1 00
	Hammering 2 - 2 $\frac{1}{2}$ in. Band Saws ..			3 50
	1 - 19-23 Twist Drill			45
	10 1-3 feet 2 in. Belting	48	4 96	
	10 $\frac{1}{2}$ feet 2 $\frac{1}{2}$ in. Belting	60	6 30	
	Less 60-10			4 05
	9 hours' time repairing belt	50		4 50
	Cement, etc., repairing belt			1 25
	2 - 6 in. Wheels			1 50
	1 - 6 $\frac{1}{2}$ in. Saw, less 50 per cent.	1 85		93
	3 - 3-4 in. Forstner Bits	90		2 70
	6 - 7-32 in. Job Drills, less 15 and 10	23	1 38	62
	15 lbs. Lace Leather.....	70		10 50
Apr.	12 lbs. Lace Leather	70		8 40
	3 - 1-8 in Twist Drills	22		66
	4 Sets of Castors	42		1 68
	6 - 3-8 in Band Saw, 21 ft. 4 in....	06		7 68
May	10 lbs. Lace Leather	70		7 00
	3 - 2 $\frac{1}{2}$ in. Band Saws, 21 ft. 4 in., less			
	60-10-5	85	54 40	18 60
	Duty on Band Saws			6 20
	Freight on Band Saws			62
	2 - 5-16 in. Band Saws, 17 ft. 6 in....	05 $\frac{1}{2}$		1 93
	Hammering 3 $\frac{1}{2}$ in. Band Re-saws ..			6 50
	19 2-3 ft. - 8 in. belting	1 92	37 76	
	27 - 10-12 ft. - 9 in. Belting, double..	4 32	120 24	
	Less 60-10			56 88
	6 - 3-16 in. Drills at	1 10		55
	3 - $\frac{3}{4}$ in. Auger Bits	90		2 70
June	25 lbs. Lace Leather	70		17 50
	Duty on Band Saws			7 75
	Freight on Band Saws			2 10
	Express on Gear			25

	242 lbs. Castings	03 1/2		8 47
	1 - 1 1/2 in. Turning Gauge			1 00
	Hammering 3 1/2 in. Band Re-saw			7 00
	17 2-3 - 4 in. Double Belting, less 60-10	1 92	33 92	12 22
	2 3 1/2 in. Band Re-saw, 25 ft. 8 in., less 60-10-5	1 45	74 43	25 46
	4 Saws, 8 in., less 60 per cent.	2 30	9 20	7 36
	4 Discs, less 50 per cent.	55	2 20	1 10
	1 Gear Holder			1 75
July	Express on Castings			30
	2 - 1/4 to 1/2 Morse Drills	2 80		5 60
	2 - 7-16 Auger Bits	25		50
	30 ft. 5-8 Manilla, 4 lbs.	16		64
	2 - 7-32 Drills	28		56
	1 doz. Bradds			25
	3 - 1/4 in. Band Saws, 17 ft. 6 in.	05		2 63
	3 - 3-8 in. Band Saws, 17 ft. 6 in. ...	06		3 15
	3 - 1/2 in. Band Saws, 17 ft. 6 in.	06 1/2		3 42
	1 Band Saw, hammered, filed, etc. ...			4 50
Sep.	2 - 14 in. Circular Cross-cut Saws ..		10 42	
	2 - 14 in. Circular Rip Saws		10 84	
	Less 50 per cent.			10 63
	Repairs to Stickers			8 97
Oct.	Express on saws			30
Sep.	Express on saws			35
	3 - 1 in. Forstner Bits	1 15		3 45
	9 - 9-32 Drills	1 83		1 37
	1 - 13-32 by 1/2 in. S. Drill			43
Oct.	2 - 14 in. Circular Rip Saws	5 84	11 68	
	2 - 16 in. Circular Rip Saws	6 75	13 50	
	Less 50 per cent.			12 59
	2 - 7-8 in. Drills	1 23		2 46
	198 ft. - 3-8 Band Saw	06		11 88
	2 - 4 in. Band Saw, 51 1/2 in., less 60- 10 - 5 - 2	1 45	74 43	24 95
Nov.	Duty on Band Saws			7 75
	Freight on Band Saws			76
	3 - 1-8 in. Drills	07		21
	2 - 7-8 in. Drills	1 23		2 46
	1 - 3-8 in. Drill			40
	200 ft. 3-8 in. Band Saw	06		12 00
	4 - 7-8 in. Forstner Bits	1 05		4 20
	1 - 7-16 Auger Bit			40
	1 lb. 2 1/2 in. Hose Washers			1 50
1908.				
Jan.	Express on saws			25
	1/2 doz. Drills	78		39
	3 - 3/4 in. Band Saws, 21 ft. 4 in.	05		3 20

	3 - 3-8 in. Band Saws, 21 ft. 4 in. . .	06		3 84
	1 doz. 7-32 Drills			1 33
	1 doz. 7-64 Drills			65
	1 Circular Rip Saw, 8 in., less 50 %... 2 44			1 22
	1 - 1 in. Forstner Bit			1 15
	1 Tank and six boxes			7 75
	1 lb. 2½ in. Hose Washers			1 50
	1 - ¾ in. Drill			93
	1 Set Drill Points			60
	1 - 9-16 Forstner Bit			75
	2 - ¼ in. Band Saws, 17 ft. 6 in. 05			1 75
	1 - ¾ in. Drill			60
	1 doz. 9-64 Drills			80
	1 doz. 1-8 Drills			66
	1 doz. 7-64 Drills			59
	2 - 5-8 in. Forstner Bits 75			1 50
	50 - 3-8 Carriage Bolts 81			41
	¾ doz. Drills			1 35
	1 doz. 1-8 Drills			75
	1 doz. 9-64 Drills			80
	200 - 3½ in. Carriage Bolts 81			1 62
Feb.	½ doz. 7-32 Drills 1 33			67
	½ doz. ¼ in. Drills 1 58			79
	2 - 4 in. Band re-saws, 25 ft. 8 in., less 50 and 10 1 45		74 43	33 50
Mar.	1 - 13-32 Drill			27
	1 doz. 7-32 Drills			1 33
	1 - 6 3-16 Rip Saw		2 80	
	2 - 7 in. Rip Saw, less 50 per cent. . . 3 30		6 60	4 70
Apr.	3 only 3-16 S. S. Drills 10			30
	1 doz. 9-64 S. S. Drills			80
	2 only, 3-8 Band Saws, 35 ft. 06			2 10
	3 only ¼ in. Band Saws, 52½ ft. . . . 05			2 63
	2 only, 6½ in. Rip Saws, less 40% . . 1 85			2 22
	1 pulley, 22 ft. x 6, less 50 and 10%.. 7 00			3 15
May	Express on saws			25
	Freight on saws			1 05
	Duty on saws			7 38
	2 - 4 in. Band Saws, 51 1-3 ft., less 60 - 10 - 5 - 2 1 45			24 94
	7 only, 7½ in. Circular Rip Saws, less 40 per cent. 2 36			9 90
	1 doz. 9-64 S. S. Drills			80
	1 - 4 in. Band Saw brazed			1 50
	Silver Solder			60
	1 only, 13-64 Twist Drill			11
	1 only 7-8 in. Morse Drill			1 23
	1 R. J. Machine Bit, 1 x 4½ x 2			1 05

	1 - 7 in. Circular Rip Saw, less 50% .	4 60	2 30
	1 - 7 in. Circular Rip Saw, less 50% .	4 60	2 30
	2 - 16 in. Circular Rip Saws, less 50% .	6 75	6 75
Jun.	2 - 7-16 Auger Bits at 39	39	78
	2 - No. 6 Gimlet Bits	07	14
	1 - 1 3-8 Forstner Bit, less 10%	1 65	1 49
	2 - 4 in. Band re-saws, brazed		3 00
	3 - 5-16 Band Saws, 21 ft. 4 in.		—
	3 - 5-16 Band Saws, 17 ft. 6 in.		—
	12 - 5-16 Band Saws, 7 ft. 5 in.	05½	11 30
	1 piece 7-8 round annealed steel, 72½ lbs.	10½	7 61
	2 - 4 in. Band re-saws, repaired		11 50
	6 only trucks	6 50	39 00
	Express on saws		30
July	1 doz. 9-64 S. S. Drills		80
	2 - 9 in. Cross Cut Saws, less 50% . . .	2 85	2 85
	2 - 1 way Cutters, special		7 75
	200 ft. - ¼ in. Band Saw	05	10 00
	3 only 3-8 Irwin Bits	21	63
	1 only Clark Expansion Bit		1 00
	Express on saws		25
	6 only No. 6 Gimlet Bits	07	42
	½ doz. 3-16 Bits Stock Drills	1 55	78
	2 - 4 in. Band re-saws repaired		10 75
Aug.	1 - 4 in. Band re-saw repaired		6 00
	1 - 4 in. Band re-saw repaired		4 75
	4 Planer Knives, 24 in.		12 96
	½ doz. 7-32 S. S. Drills	1 33	67
	½ doz. ¼ in. S. S. Drills	1 58	79
	2 No. 8 Belt Punches		15
	1 No. 10 Belt Punch		13
	1 - 5-16 Band Saw, 17 ft. 6 in.	05½	96
	½ doz. 3-8 S. S. Drills	2 70	1 35
	½ doz. 7-16 S. S. Drills	3 40	1 70
	Slotting 1 piece steel		1 25
	Express on Knives		40
	1 only 13-32 S. S. Drill		27
	200 ft. 5-16 Band Saw	06	12 00
	1 - 5-16 Drill, ½ in. shank		35
Sep.	1 Pint Varnish for Band Saw		50
	Silver Solder		1 76
	300 Punches	06	18 00
	Duty on Punches		5 90
	2 - 4 in. Band re-saws, brazed		3 50
	½ doz. 1-8 S. S. Drills	1 55	
	½ doz. 3-16 S. S. Drills	2 25	
	½ doz. ¼ in. S. S. Drills	3 15	
	½ doz. 7-32 S. S. Drills	2 35	

	1½ doz. 3-8 S. S. Drills	5 40	
	Less 60 <i>per cent.</i> & 10 <i>per cent.</i>		2 65
	1 doz. 3-16 Drills, less 60 - 10 - 5	3 10	1 06
	10-12 doz. 3-16 S. S. Drills, less 60-10	2 20	66
	4 only 3-8 Twist Drills	75	
	4 only 5-8 Twist Drills	1 05	
	Less 60 - 10 - 5		2 47
	1 doz. 1-8 S. S. Drills	1 45	
	2 only 3-16 S. S. Drills	2 20	
	1 doz. 7-64 S. S. Drills	1 30	
	Less 60 - 10		1 13
	2 - 4 in. Band re-saws repaired		5 75
	1 pulley 18 x 9	7 20	
	1 pulley 17 x 9	7 20	
	Less 50 and 10		6 48
	5-16 Band Saw		7 20
Oct.	1 - 4 in. Band Saw repaired		5 50
	1 doz. S. S. Drills, less 60 - 10	1 60	58
	1 doz. 6-32 Gimlet Bits		45
	1½ doz. Auger Bits		1 00
	1 pulley, 20 x 8, less 50 - 10	7 60	3 42
	100 ft. 5-6 Band Saw	4 75	4 75
	1 doz. 5-32 Gimlet Bits		
	1½ doz. 4-32 Shell Bits		
	¼ doz. 5-32 Shell Bits		79
	2 - 4 in. Band Saws, 51 1-3 ft.	1 45	
	Less 60 - 10 - 5 - 2		24 95
	Duty and freight		8 83
	Less saw returned		17 21
	2 - 4 in. Band re-saws repaired		16 95
Nov.	17½ ft. 4 in. Belt, less 40 - 10	96	8 86
	28¼ ft. 3 in. Belting, less 40 - 10 ..	72	10 89
	1 doz. 9-64 S. S. Drills, less 60 - 10 ..	1 60	58
	2 - 10 in. Rip Saws, less 50 <i>per cent.</i>	3 66	3 66
	1 - & 7-16 Groover, less 50 <i>per cent.</i> ..	4 60	2 30
	Express on saws		25
	6 sets castors	1 55	9 30
Dec.	2 pair Jaws and Screws for Chuck ..		7 50
	2 Roller Castings		1 50
	Repairing 5 in. Belt		2 23
	1 doz. 5-8 S. F. Hex. nuts		40
	Castings for Sticker		1 40
	6 - 7-8 in. Forstner Bits	90	5 40
	1½ doz. 26-64 S. S. Drills	6 00	
	1½ doz. 7-32 S. S. Drills	2 65	
	Less 60 and 10		1 56
	1 only 11-16 Drill		64

1909.		
Jan.	1 set Jaws and Screws for Chuck	2 28
	20 ft. - 2½ in. Belting, less 40 and 10 .. 60	6 48
	1 doz. 7-32 S. S. Drills, less 60 - 10 .. 2 65	96
	2 doz. 9-64 Drills, less 60 - 10 1 55	1 07
	6 sets truck castors 1 55	9 30
	2 - 4 in. Band re-saws repaired 13 00	
	1 Bushing, 2 x 3½ x 12 25	
	8 ft. No. 42 Chain, less 70 <i>per cent.</i> .. 24	58
Feb.	½ doz. 1-16 S. S. Drills 50	25
	11-12 doz. 1-16 S. S. Drills 50	46
	12 ft. - 5-16 Belting at 05	60
	2 - S & B. Drills ¾ in., ½ in. shank Less 60 - 10 - 5 1 25	86
	1 Special Drill 2 10	
	1 - 12 in. Cross Cut Saw 4 15	
	1 - 14 in. Rip Saw, less 50 <i>per cent.</i> .. 5 00	4 58
	2 - 6 in. Discs, less 50 - 10 4 20	3 78
Mar.	Express on Saws 60	
	1 - 19-32 Drill 65	
	1 doz. 1-16 Drills 50	
	2 - 4 in. Band re-saws repaired 9 00	
	2 - 4 in. Band re-saws repaired 3 50	
	16 1-6 - 4 in. Belting, less 40 and 10 .. 96	8 38
	1 - 14 in. Circular Rip Saw, less 50% .. 5 42	2 71
	2 - 7 in. Discs, less 50 - 10 9 20	4 14
	1 Side File, less 35 <i>per cent.</i> 2 00	1 30
	1 - 14 in. Saw swedged 42	
	1 - 14 in. Circular Rip Saw, less 50% .. 5 00	2 50
	2 doz. 1-8 Drills 1 45	
	2 doz. 9-64 Drills 1 60	
	1 doz. 7-32 Drills 2 65	
	1 doz. 1-2 in. Drills 8 00	
	Less 60 - 10 - 5 5 73	
	¼ doz. 5-8 Auger Bits 6 00	
	½ doz. 3-8 Auger Bits 4 00	
	½ doz. 7-16 Auger Bits 4 50	
	½ doz. ½ in. Auger Bits 5 00	
	Less 70 - 10 2 24	
Apr.	Express on Saws 25	
	1 - 3-4 in. Auger Bit 58	
	1 - 7-8 in. Auger Bit 69	
	1 - 1 in. Auger Bit 79	
	Bending Hooks 25	
	10 ft. - 4 in. Belting, less 40 - 10% .. 96	5 20
	2 castings for Sticker 88	
	6 - 5-8 Forstner Bits 80	4 80
	6 - 13-16 Forstner Bits 85	5 10

	6 seats of Truck Castors	1 55	9 30
	6 - 13-16 Forstner Bits, 1½ in. shank.	1 00	6 00
May	2 - 4 in. Band re-saws repaired		7 50
	19 ft. - -3 in. Belting, less 40 and 10%	72	7 38
	24¾ ft. 3½ in. Belting, less 40 and 10%	84	11 24
	11 1-3 ft. - 1½ in. Belting, less 40 and 10%	36	
	25 5-12 ft. - -2 in. Belting, less 40 and 10%	48	8 80
	1 - 14 in. Circular Rip Saw, less 50%	5 42	2 71
	1 Pulley, 10 x 6, less 50 and 10% ...	4 10	1 85
	Express on saws		25
June	1 Roller Casting		75
	2 - 4 in. Band re-saws repaired		9 00
	Casting for Washboard Vise		48
	Casting for Sticker		1 00
	8 - 7 in. Circular Groover Saws 3-16.		
	Less 50 per cent.	4 20	16 80
	2 doz. No. 32 S. S. Drills	1 30	
	2 doz. No. 39 S. S. Drills	1 20	
	Less 60 - 10 - 5		1 82
	2 doz. No. 30 S. S. Drills	1 55	
	2 doz. No. 20 S. S. Drills	1 95	
	1 doz. 5-16 S. S. Drills	4 20	
	Less 60 - 10 - 5		3 84
	1 Roller Casting		75
	1 Casting for Washboard Vise		56
	Express on saws		30
July	1 - 4 in. Band re-saw repaired		4 00
	1 - 4 in. Band re-saw repaired		1 50
	48 ft. Band Saw, less 50 and 10	08½	1 84
	1 Bushing	15	15
	17½ ft. - 3½ in. Belting, less 40 & 10	84	7 94
Aug.	28 ft. No. 32 Chain	22	
	5 only, No. 32 A. 3 Links R. H.		—
	5 only, No. 32 A. 3 Links, L. H.	42	
	Less 70 per cent.		1 98
	4 Chain Wheels, 32 x 11, less 40% ..	1 45	3 48
	½ doz. 3-8 Auger Bits, less 70 and 10	4 00	45
	3 only ¾ in. Forstner Bits	85	2 55
	12 only 5-8 in. S. F. Hex. nuts		28
	3 doz. 5-32 S. S. Drills	1 80	
	2 doz. 9-32 S. S. Drills	3 65	
	1 doz. 23-64 S. S. Drills	5 10	
	1 doz. 7-64 S. S. Drills	1 30	
	2 doz. 9-64 S. S. Drills	1 60	
	Less 70 per cent.		6 69

Sep.	2 - 4 in. Band re-saws repaired		3 50
	Silver Solder		1 30
	2 - 4 in. Band re-saws repaired		13 80
	2 - 4 in. Band re-saws repaired		9 40
	2 - 6½ in. Circular Rip saws, less 40%	1 85	2 22
	19 ft. 3½ in. Belting, less 40 & 10%	84	8 62
	126 lbs. 1 x 16 Steel	10	12 60
	Freight on Steel		90
Oct.	1 - 4 in. Band re-saw repaired		3 45
	Rubber for Band Saw		4 89
	2 doz. 9-64 Drills	1 60	
	2 doz. 2-16 Drills	2 20	
	2 doz. 13-64 Drills	2 40	
	Less 70 per cent.		3 72
	9 1-6 ft. - 2½ in. Belting, less 40 and 10 per cent.	60	
	13 2-3 ft. - 3 in. Belting, less 40 and 10 per cent.	72	8 28
	Express on Drills		30
Nov.	2 - 4 in. Band re-saws repaired		3 50
	2 - 4 in. Band re-saws repaired		3 00
	Casting for No. 2 Sticker		1 00
	22 ¾ ft. - 5 in. Belting, less 40 and 10 per cent.	2 40	29 50
	Gear for Sticker		5 00
	1 - 3-8 in. Taper Reamer	2 30	
	1 - ¼ in. Taper Reamer	2 20	
	Less 20 per cent.		3 60
	Burning Broken Casting		1 00
	1 Casting		36
	2 -¾ in. Band Saws, 21 ft. 4 in.	15½	
	2 - 1 in. Band Saws, 17 ft. 6 in.	18½	
	Less 60 per cent.		5 23
	2½ lbs. 3-8 Stub Steel	—	—
	3-16 lbs. 5-32 Stub Steel	—	—
	¼ lb. 3-16 Stub Steel	—	—
	Less 10 per cent.	12	33
1910.			
Jan.	12 only ½ x 7 Coach Screws	38	
	3 only Carriage Bolts, 5-16 x 8	09	47
	2 Roller Castings	75	1 50
	2 Roller Castings	75	1 50
	100 ft. 3-8 Band Saw	10½	
	100 ft. 5-16 Band Saw	10½	
	Less 60 per cent.		8 40
	1 - 4 in. Band Saw repaired		4 50
	1 - 4 in. Band Saw repaired		1 50
	1 Bushing, 2 x 3½ x 6		15

	2 Bushings, 1 5-8 x 3½ x 10	20	40
	18 feet 5-16 Belting		1 26
	66 ft. 3 in. Belting, less 40 and 10%	72	25 66
	24½ ft. - 2½ in. Belting, less 40 and 10	60	7 94
	19½ ft. - 3½ in. Belting, less 40 and 10 <i>per cent.</i>	84	8 84
Feb.	1 Band Saw repaired		1 75
	1 Band Saw repaired		3 00
	Repairing Belt		8 06
	105 ft. 3-8 Band Saw, less 60 <i>per cent.</i>	10½	4 41
	Sticker Knives		3 65
	18 in. - 1¾ in. Round Annealed Steel	12½	1 63
	3 doz. 9-64 Drills		
	2 doz. 1-8 Drills		
	1 doz. 1-16 Drills, less 65 <i>per cent.</i> ..		3 05
	Postage on same		10
	26¼ lbs. Babbitt Metal	40	10 50
	3 only, Set Screws, 7-16 x 3		09
	1¾ in. S. S. Hex. Nuts		05
	2 only, 1 way Cutters		9 00
	Express on Knives		25
	Express on saws		30
Mar.	2 Roller Castings		2 00
	Babbitt Ladle		35
	1 pair Cast Steel Heads		2 45
	1 top plate for 20 in. Folder		5 74
	3 - 9 in. Circular Rip Saws, less 50% ..	3 10	4 65
	Castings for Washboard Vise		1 00
	Castings for Washboard Vise		50
	1 Pulley, 20 x 8, less 50 and 10% ...	9 80	4 41
	6 1-6 ft. - 2 in. Belting	48	
	14 1-3 ft. - 2½ in. Belting	60	
	12¾ ft. - 5 in. Belting	1 20	
	Less 40 and 10 <i>per cent.</i>		14 50
	20 2-3 ft. - 4 in. Belting, less 40 <i>per cent.</i> and 10 <i>per cent.</i>	96	10 71
	47¼ ft. - 2½ in. Belting, less 40 <i>per cent.</i> and 10 <i>per cent.</i>	60	15 31
	1 Roller Casting		1 00
	2 Sets of Jaws and Screws for Chuck..		9 75
	2 Band re-saws repaired		9 75
	Casting for Washboard Vise		32
	Casting for Sticker		40
	Casting for Sticker		1 04
	2½ lb. 3-8 Stub Steel, less 10%	75	1 70
	30 5-12 ft. 6 in. Belting, less 40 and 10 ..	1 44	23 66
	1 only R & L. Derby Die, 3-8 in.		1 64

May	1 Front Gauge Arm		60
	2 - 4 in. Band Saws repaired		9 60
	Casting for Washboard Vise		60
	Casting for Saw Table		2 80
	4 Planer Knives, 24 in.		12 96
	4 - $\frac{3}{4}$ in. Hex. Nuts, 12c		12
	3 ft. - 8 in. Double Belting, less 40 and 10	3 84	6 23
	2 doz. 7-64 Drills at	1 30	
	4 doz. 9-64 Drills at	1 60	
	1 doz. 7-32 Drills at	2 65	
	1 doz. $\frac{1}{4}$ in. Drills at	3 15	
	2 doz. 3-16 Drills at	2 20	
	1 doz. 13-64 Drills at	2 40	
	$\frac{1}{2}$ doz. 13-32 Drills at	6 00	
	$\frac{1}{2}$ doz. 9-32 Drills at	3 65	
	Less 65 per cent.		9 25
	1 Set Steel Gears for Band re-saw ...		15 85
	Express on Gauge Arm		60
	Express on Knives		25
	Express on Gear		75
June	Band Saw repaired		4 75
	3 Band Saws repaired		13 25
	Band Saw repaired		5 00
	2 - 16 in. Circular Rip Saws, less 50% ..	7 40	8 20
	11 $\frac{1}{4}$ lbs. 25-64 Stub Steel	75	94
	3 ft. 1-8 Stub Steel		
	1 ft. 3-8 Stub Steel		37
	13 ft. - 4 in. Belting, less 40 per cent. and 10 per cent.	96	6 75
	16 $\frac{1}{2}$ lbs. 5-8 x 2 $\frac{1}{2}$ Steel	141 $\frac{1}{2}$	2 39
July	Band Saw repaired		1 75
	Roller Casting		1 00
	Burning Casting		75
	Casting for Printing Press		20
	Casting for Zinc Crimper		96
Aug.	Casting for Sticker		25
	2 Gears for Sticker		1 00
	1 doz. 3-32 Drills, less 50 per cent. ..	1 20	60
	3 ft. 7-16 Stub Steel, less 10 per cent. ..	75	1 02
	2 - 25-64 Twist Drills, less 50 and 10 ..	68	62
	1 doz. 7-32 Twist Drills	2 65	
	1 doz. 13-64 Twist Drills	2 40	
	1 doz. 9-64 Twist Drills	1 60	
	Less 60 per cent. and 5 per cent.		2 53
	Cutting two gears		6 35
	Drills		75

Sept.	1 ft. 1/2 in. Stub Steel		—
	3 ft. 1-8 Stub Steel		—
	1 ft. No. 41 Stub Steel		65
	Band Saw repaired		2 10
	Castings for Sticker		40
	3 Auger Bits, less 10 <i>per cent.</i>	35	95
	Express on Saws		30
	8 - 7 in. Circular Rip Saws, less 50%	4 20	16 80
	Band Saw repaired		4 30
Oct.	Rubber for Band Saw Wheel		5 25
Nov.	2 Band Saws repaired		3 90
	2 Band Saws repaired		7 55
	31 1-6 ft. - 5 in. Belting	1 20	
	29 2-3 ft. - 7 in. Double	3 36	
	Less 40 <i>per cent.</i> and 10 <i>per cent.</i>		74 03
	Repairing Belt		1 00
	Special Drill		3 75
	Silver Solder		65
	3 Band Saws repaired		13 50
	1 Band Saw repaired		2 00
	8 1/4 ft. - 8 in. Belting, less 40 <i>per cent.</i>		
	and 10 <i>per cent.</i>		20 85
	100 ft. - 3-8 Band Saw, less 50 and 10 <i>per cent.</i>	15	6 75
	32 ft. - 1-4 Band Saw	06 1/4	2 00
			<hr/>
			\$1,981 02

EXHIBIT 44.

Toronto, June 19th, 1908.

THE HONOURABLE W. J. HANNA,

Provincial Secretary,

Parliament Buildings,

Toronto.

DEAR SIR:—It appears to us that we should be able to approach the questions between us in regard to the Agreement between the Inspector of Prisons, etc., and ourselves in a business-like manner and that there should not be any subject of dispute between your Department and ourselves, and we will, we assure you, do everything in our power, consistent with business principles, necessary to avoid friction.

We do not, from our point of view, see in what respect your Department can say that we have not lived up to the spirit, as well as the letter of the contract; while, on the other hand, we submit, with all due deference, that we have serious claims and complaints on breaches and non-fulfilment of contract

by the other party to it; but if we are taking a too one-sided view of our position, we are open to conviction.

It may, for the purpose of clearing the atmosphere, be as well to state some of the circumstances.

The Agreement is dated the 20th day of July, 1905, prior to which date there had been other contracts, with other contractors, which had not been satisfactory to the Department and under which, we understand, the Department was not paid even the amount contracted for.

We do not think that you have any cause of complaint against us in regard to the promptness of our payments.

The Agreement provides for payment according to a schedule of rates therein set out, said payments to be adjusted every six months to equal three cents *per* hour of each prisoner employed. The operations for one year show that the schedule rates did not amount to three cents *per* hour.

On January 15th, 1907, Mr. L. E. C. Thorne called upon us at your request and asked us (for certain considerations and upon certain conditions) to make payments at four cents *per* hour, which we consented to do upon those conditions, and this arrangement was, solely for your convenience, antedated, and we, thereupon, gave to the Treasurer our cheque for \$1,456.60.

The difference between the contract rate and the four cent. rate amounts to, approximately, \$3,500.00 *per annum*.

The modifications or conditions upon which the payment at four cents were to be made were substantially as follows,—

1. That the contract was to run out its full term.
2. That the average term of the prisoners assigned to the North Shop shall be as nearly as possible equal to the average term of the prisoners assigned to the other shops.
3. That Taylor, Scott & Co. should pay for the actual time worked by the prisoners.

4. That clause 16 of the contract should be interpreted to read that Taylor, Scott & Co. should have 150 h.p. to operate their machines and fans, exclusive of the power required to operate the line shaft friction load.

5 That "other machinery parts" mentioned in clause 7 was to be interpreted to read that the Government were to repair and replace worn out parts of machines, such as planer knives, drills, bits, circular saws and band saws, *etc.*

The latter part of clause 6, which reads that the Company is to supply cotton waste, oil and other mill supplies, the words "Mill supplies" to read, "files, emory wheels, carborundum wheels, sandpaper, quartz, hand saws, screwdriers, and other like articles."

We submit, subject to correction, that not one of the conditions, numbers two to five inclusive, of which item four is the most serious, has been lived up to, nor has our letter of July 9th, 1907, been answered, and the settlement of questions between us in those respects has been allowed to drag along, causing unnecessary friction and annoyance, not only to ourselves, but also to the Department.

Under the above circumstances you surely cannot blame us if we claim to have been and to be still operating under the original contract, *i.e.*, at three cents *per* hour.

Therefore, besides a very serious loss of business in our operations, we have, we think, a claim for the following amounts: 15th January, 1907:—

To ch. as above at advanced conditional rate	\$1,456 60
To repairs to the 30th May, 1908	822 40
Over payment of labour to 15th June, 1908	85 13
Paid for fuel (rendered necessary under the circumstances) to the end of May, 1908	2,419 81
Payments at the advanced rate Jan. 1st, 1907, to May 30th, 1908	4,437 49

The most serious item of damage to us is, as you will readily understand, in the failure to supply 150 h.p. under the 4th clause of the provisional modifications, and payments made based upon such supply of power. Our direct damages sustained now amount to a large sum without taking into account the very serious injury to our business and as resulting from lack of sufficient power up to 150 h.p. required for the proper and economical working of our plant.

We think that you will, in justice to us, admit that we have been seriously handicapped in our operations by reason of this lack of power.

We would request your attention to clause 18 of the contract of the 20th July, 1905, under which the Inspector retained the right to install an additional wood-burning Dutch furnace boiler in the North Shop, and to remark that instead of installing such, a coal-burning furnace was installed, which was not suitable to the requirements and circumstances.

We do not wish to be unduly captious in our complaints, but on the other hand it is necessary that we conduct our operations without loss to ourselves, and for the purposes of adjusting these matters of difference, we would be pleased to meet you and discuss these matters in a business-like manner, or we will appoint a representative to meet you and discuss the matter with you.

Yours respectfully,

(Sgd.)

TAYLOR, SCOTT & Co.,

Per Geo. C. Taylor.

Toronto, June 23rd, 1908.

DEAR SIR:—I have carefully noted contents of your letter of the 19th instant, to hand this morning. In compliance with the suggestion you make, I shall advise you as soon as possible as to when I could meet a representative of your firm for a discussion of the various matters at present in dispute.

Very truly yours,

GEORGE C. TAYLOR, Esq.,

Messrs. Taylor, Scott & Co.,

Strachan Avenue,

Toronto.

EXHIBIT 45.

Toronto, January 17th, 1912.

Received from the Honourable the Provincial Treasurer of Ontario cheque No. 144,142, for \$21,068.03.

TAYLOR, SCOTT & Co.,

Geo. C. Taylor, Attorney.

Under the terms of the Memorandum of Agreement, dated the 18th day of November, 1911, made between Taylor, Scott & Company and the King, or Taylor, Scott & Co., Limited and the King, I have investigated all matters in dispute between the said parties, including those in question, in a certain action now pending between them, and I award Taylor, Scott & Company, or Taylor, Scott & Co., Limited, whichever the proper name may be, the sum of \$21,068.03, to be paid by the King to them.

L. E. C. THORNE.

Dated at Toronto this 24th day of November, 1911.

EXHIBIT 46.

Memorandum of Agreement made this 18th day of November, 1911;

BETWEEN:

TAYLOR, SCOTT & COMPANY,

AND

THE KING.

IT IS HEREBY AGREED that all matters in dispute between the said parties, including those in question in a certain action now pending between them, be referred to the award of L. E. C. Thorne, said award to be given within thirty days of this date, and to be without appeal; payment to be made within sixty days from this date; the said Thorne to have absolute discretion as to the manner and extent of his investigation; the remuneration of the said Thorne to be fixed by Mr. W. K. McNaught, and to be borne equally by the parties hereto.

Witness:

W. K. McNAUGHT.

TAYLOR, SCOTT & Co.,

Per "Geo. C. Taylor,"

Attorney for Taylor, Scott & Co.

"W. J. HANNA,"

Provincial Secretary.

EXHIBIT 47.

ITEM OF CLAIM.	Amount Claimed.	Amount Awarded.
Idle time of prisoners and foremen ...	\$1,669 66	\$ 812 08
Time of prisoners as claimed was reduced and time of foremen was disallowed altogether	_____	_____
Loss of profits through shut-downs ...	2,161 87	2,059 90
T. S. & Co. claimed only for time of shut-downs disallowed by Prison authorities. Much of this was not allowed, but T. S. & Co. were allowed for time on shut-downs, which had been allowed by Gov't. in figuring prisoners' time	_____	_____
Loss of profits due to lack of power ..	27,919 30	17,656 19
T. S. & Co. claimed deficiency of 28 h. p. Actual deficiency 20 h.p. T. S. & Co.'s method of figuring resultant loss incorrect.	_____	_____
Claim for fuel purchased	4,830 79	_____
Disallowed.		
Mchy. parts bot. by T. S. & Co.	1,981 02	1,832 28
Claim for foremen's wages after Gerard Harper's death	1,910 00	_____
Disallowed.		
Claim for deficiency in quantity and quality of prisoners assigned, etc. Claim withdrawn.	_____	_____
Total	40,472 64	22,360 45

Contra.

ITEM OF CLAIM.	Amount Claimed.	Amount Awarded.
Prisoners' time incorrectly deducted . This item was not claimed by Gov't., but Gov't. unquestionably entitled to it.		159 84
Mill supplies bought by Gov't. At this writing I have not at hand the amount claimed. It was large- ly in excess of the amount award- ed, but the claim was made under a ruling by Inspector Rogers, which ruling was made without a knowledge of all the facts.....		270 14
Time and material building equip- ment for T. S. & Co.	362 44	362 44
Rental of shop not specified in contract	900 00	—
Not allowed.		
Power used in Broom Shop		500 00
Total		1,292 42
		Net 21,068 03

EXHIBIT 48.

Let Right be Done.—J^{NO}. GIBSON.

IN THE HIGH COURT OF JUSTICE,

TO THE KING'S MOST EXCELLENT MAJESTY:

The Humble Petition of Ellen Charlotte Taylor, of the City of Toronto, in the County of York, trading under the name of "Taylor, Scott & Co.," by her solicitor, John Dawson Montgomery, of Toronto, aforesaid, Sheweth that:—

1. Your Suppliant on or about the 20th day of July, 1905, entered into an agreement with the Inspector of Prisons and Public Charities for Ontario, on behalf of your Majesty, in the words and figures following:—

"This agreement, made this Twentieth day of July, in the year of our Lord one thousand nine hundred and five,

"Between:

"The Inspector of Prisons and Public Charities for Ontario, herein-

“ after called the Inspector for and on behalf of His Majesty, by virtue of the
“ 38th section of R.S.O., Chap. 308, respecting the Central Prison,
“ of the First Part;

“ AND

“ Ellen Charlotte Taylor, of the City of Toronto, in the County of
“ York, and Province of Ontario, trading under the name of Taylor, Scott &
“ Company, hereinafter called the Company.

“ of the Second Part.

“ It is hereby agreed between the Inspector and the Company as
“ follows:

“ 1. That the Government of the Province of Ontario shall provide and
“ maintain a wood-working shop as now installed at the Central Prison, and
“ shall furnish prison labor to operate the same, and shall receive and take
“ charge of the lumber and other materials supplied by the Company from the
“ time such lumber and materials are brought within the prison until
“ they are removed therefrom. It is agreed that all labor, such as firing boilers,
“ running engines, loading and unloading raw material, as well as furnishing
“ products, shall be included and considered to form part of the actual making
“ of the product. The prisoners detailed to perform the labor under this con-
“ tract to be in the same proportion of young and aged men as in the case of
“ those assigned to other shops in the prison, and any prisoner who has once
“ been assigned for work in the said shop, shall continue to be employed there-
“ in until the expiration of his sentence. It is further agreed that any prison-
“ ers sent to the Central Prison, who have had experience in any wood-working
“ shop, are to be assigned to the Company's shop unless in the opinion of the
“ Inspector or of the Warden of the Prison, some good reason exists for ar-
“ ranging otherwise.

“ 2. The Government shall give to the Company the uses of the follow-
“ ing portions and property of the Central Prison:—

“ (1) All buildings and yards used by the prison wood-working shop
“ when operated by the Government.

“ (2) The general railway facilities of the prison.

“ (3) Any and all machinery now installed in the North Shop.

“ (4) Sufficient yard room for piling 500 M of Lumber on the sidings
“ in the yards of the Prison.

“ 3. The Company shall, while this contract or any renewal thereof is in
“ force, have the right to manufacture any kind of washboards, single or double,
“ step-ladders, broom-handles, flooring, clothes pins or other products in the
“ manufacture of which the use of machinery or tools of an unduly hazardous
“ character is not required.

“ 4. All goods and property stored on the Prison premises by the Com-
“ pany, whether raw material or finished product, shall be at their risk from
“ loss or damage arising from any cause whatever.

" 5. The Company shall during the time that this agreement or any renewal thereof is in force, provide one machinist, whose duty it shall be to keep the machinery in good repair and in perfect order, to sharpen all knives and saws, to look after the motive power and heating plant, and to make such reports to the Government as are directed by the Inspector. It is agreed that the said machinist shall have the use of the machine-shop for repair work and such assistance from prisoners as may be necessary. The person to be appointed machinist as aforesaid must be approved by the Inspector and is to have a salary, which, together with allowance shall not exceed \$900 *per annum*, one-half of which is to be paid by the Company and the other half by the Government. All other free labor except disciplinary guards to be provided by the Company at their own cost.

" 6. The Company agrees to provide all fuel required for the development of power to operate the shop, and in case the fuel to be used is identical with that bought in large quantities by the Government for use in the Prison, the Government on sufficient notice being given, will sell such fuel to the Company at cost price. The Company agrees to burn the refuse from the twine factory and other shops, such refuse to be delivered to them at convenient times. The Company also agrees to supply oil, cotton waste and other mill supplies for operating the shop. It is agreed that in case there should be failure in the development of power as mentioned in clause 6, owing to accident or other unavoidable cause, the Government will supply power free of cost during such time as may be required for necessary repairs.

" 7. It is agreed that the Government is to replace any worn-out parts of the machinery, such as shafting, shaft-pulleys, belts and other machinery parts.

" 8. It is agreed that the Government is to supply the Company with a minimum number of 80 men and that should the Company require more men, they are to have any number so required up to 1-3 of the total number in the Prison, and as many more as in the opinion of the Inspector will not interfere with the carrying on of the work in the other industries.

" 9. The Company agrees, that for the sake of settling any disputes, the Inspector or any officer of his Department authorized by him, shall at any time during business hours, have access to all books, files and papers of the Company relating to the working of the shop, and any other facilities which may be necessary to decide the matter in dispute.

" 10. It is agreed to that accidents to machinery or buildings, or deficiency in the number of prisoners supplied owing to epidemic or contagious diseases in the Prison, are not to subject the Government to any claim for damages.

" 11. Should the Government deem it expedient to resume the plant at the expiration of this contract, the Inspector shall give the Company six months' notice thereof in writing prior to such expiration. Should the Com-

“pany so desire on the expiration of the contract, the Inspector in his discretion
“may take over at cost price part or all of the manufactured or raw material
“belonging to the Company then on the Prison premises, paying therefor the
“actual cost.

“12. The Company agrees that they and their employees engaged in
“manufacturing, instructing and supervising the prisoners, shall in all things
“abide by the rules and regulations that are now or may at any time hereafter
“be adopted for the good government and discipline of the Prison and shall
“aid in enforcing the observance of such rules and regulations by the prisoners
“under their charge.

“13. The Company shall not assign this agreement or sub-let the same
“without the consent of the Lieutenant-Governor-in-Council.

“14. The Company agrees to pay to the Bursar of the Central Prison,
“or such other officer as may be designated at any time by the Inspector on the
“15th of each month, the account for the preceding month, such account to
“be made up according to the following scale of prices:

“(1) For the making of zinc, glass and enamel washboards, eight
“cents *per* dozen.

“(2) Wood washboards, known as the 17 dovetail make, all wood,
“six cents *per* dozen.

“(3) Double washboards, *i.e.*, with rubbing surface on both sides,
“eleven cents *per* dozen.

“(4) Step-ladders at the rate of half a cent *per* foot.

“(5) Broom-handles, any length up to fifty inches, at one dollar *per*
“thousand.

“(6) Flooring, 50 cents *per* thousand feet lumber measure.

“(7) Window screens, small, four cents *per* dozen.

“(8) Window screens, medium, five cents *per* dozen.

“(9) Window screens, large, six cents *per* dozen.

“(10) Butter molds, one inch square, eleven cents *per* dozen.

“(11) Clothes pins (ever ready), seven and one-half cents *per* five-
gross box.

“(12) Clothes pins (best), five cents *per* three-gross box.

“(13) Clothes pins (common), three and one-half cents *per* five-
gross box.

“(14) Toy or handy washboards, six cents *per* dozen.

“(15) Self-wringing mops, ten cents *per* dozen.

“(16) Diamond mops, one cent *per* dozen.

“(17) Ash-sifters, six cents *per* dozen.

“(18) Broom-racks, seventy-five cents *per* dozen.

“(19) Egg-carriers, one dozen size, twenty cents *per* dozen.

“(20) Egg-carriers, two dozen size, thirty cents *per* dozen.

“(21) Brush blocks, thirty-five cents *per* thousand.

“(22) Brush block handles, twenty cents *per* thousand.

"(23) Any goods not before mentioned to be paid for by day labor at the rate of $3\frac{1}{2}$ c. *per* hour for each hour of every prisoner employed thereon.

"The contractor guarantees that the above prices will bring a revenue to the Government of three cents *per* hour of each prisoner employed, and in case the work done on the above scale of prices produces a less amount the Company is to make up the amount to the said rate of three cents *per* hour. It is further agreed that should the work done at the above rates amount to more than four cents *per* hour, the excess over the said four cents is to be refunded to the Company by the Government. Adjustments of the account between the Government and the Company are to be made every six months on the average for such period.

"15. The Company agrees to purchase from the Government all raw material on hand at the date on which this contract comes into force so far as such material can be used by the Company in producing the goods which they are to manufacture; the price to be paid to be agreed upon by the Inspector and the Company, and in case of non-agreement to be settled by an arbitrator to be named by the Provincial Secretary.

"16. The Company shall have the right at any time to install at their own cost any machinery necessary for the manufacture of their goods, such machinery to be in good repair and in good working order when installed, but the total machinery forming part of the plant at any time is not to require more than 150 horse-power to operate it.

"17. It is agreed between the Inspector and the Contractor, that, if the latter desire to have work done on his raw material in any shop of the Central Prison other than the wood-shop, he may deliver such material to the foreman of the required shop. There his requirements will be complied with, and the work will be delivered to that Department of the North Shop designated by the contractor. The Government shall receive five cents *per* hour for every hour of convict labor so employed, payment for which shall be due at the same time as other payments mentioned in this contract.

"18. In case the boiler now installed in the North Shop does not furnish sufficient steam to operate the engine, additional steam is to be furnished from the boilers in the other shops (which boilers are now connected with the engine in the North Shop), with no cost to the contractor. The Inspector retains the right to instal additional wood-burning Dutch furnace boilers in the North Shop at any time, and in case of such installation, the contractor is to furnish sufficient steam to operate the North Shop.

"19. This contract shall subject to the provisions herein contained be in force from the first day of September, 1905, until the first day of September, 1910, renewals for a further period of five years if so agreed by both parties.

"20. It is hereby agreed and declared that these presents shall not be construed to be a demise of the said Central Prison premises or any portion

“thereof, nor to give to the Company or its employees the right of going upon
“the said premises except at such times as having regard to the purposes of
“this agreement and the safe custody of prisoners may be reasonable and pro-
“per.

“21. It is expressly agreed that this contract shall be void and of no effect
“unless the same is ratified by a resolution of the Legislative Assembly of On-
“tario at its next session, and should there be a failure to ratify, all material
“belonging to the Company then on the premises, shall be taken over by the
“Inspector at a valuation, provided always that anything obtained or done
“under the contract shall nevertheless be paid for in accordance with the
“terms thereof.

“22. This agreement is to be binding on the parties of the First Part,
“her or their heirs, executors, administrators and assigns.

“In Witness Whereof the said parties hereto have signed this agreement
“and affixed their seals thereto.

“Signed, sealed and delivered

“In the presence of

“(Sgd.) L. E. C. THORNE.

“(Sgd.) EDWIN R. ROGERS,

“Inspector.

“TAYLOR, SCOTT & Co.,

“by (Sgd.) GEO. C. TAYLOR.”

2. In or about the year 1907, certain disputes having arisen respecting the interpretation of the said contract, your suppliant agreed to pay an increased consideration, viz.: 4 cents *per* hour for each labourer for Prison labour. and the said contract by officers of your Majesty, acting on behalf of your Majesty, was in consideration thereof, modified as follows:—

(1) That the contract was to run out its full term;

(2) That the average term of the prisoners assigned to the North Shop shall be as nearly as possible equal to the average term of the prisoners assigned to the other shops.

(3) That Taylor, Scott & Co. should pay for the actual time worked by the prisoners.

(4) That clause 16 of the contract should be interpreted to read Taylor, Scott & Co. should have 150 h.p. to operate their machines and fans, exclusive of the power required to operate the line shaft.

(5) That “other machinery parts” mentioned in clause 7 was to be interpreted to read that the Government were to repair and replace worn-out parts of machines such as planer knives, drills, bits and circular saws and band saws.

The latter part of clause 6 which reads that the Company is to supply cotton waste, oil, and other mill supplies, the words " Mills supplies " to read files, emery wheels, carborundum wheels, sandpaper, quartz, cross and hand saws, screw-drivers, and other like articles.

3. Your suppliant expecting to have all the requirements of the above agreements, performed on behalf of your Majesty and having undertaken and agreed to pay the compensation therein mentioned, expended large sums of money in purchasing and in setting up the necessary tools, machinery and plant requisite for the execution of the said contracts.

Your suppliant has on her part duly executed her part of the contracts and has paid large sums of money to your Majesty, and under the secondly mentioned contract has paid the sum of \$14,637.95 over and above what your suppliant would have been required to pay under the said agreement of the 29th day of July, 1905.

4. The officers of your Majesty acting on behalf of your Majesty, did not, and would not observe or perform the said contracts and broke the said contracts and agreements in this: That the average term of the prisoners assigned to your suppliant's shop, was not equal to the average term of the prisoners assigned to other shops, and removed men assigned to your petitioner's shop; that your suppliant was obliged to pay and paid for more than the actual time worked by the prisoners; that your suppliant was obliged to pay prisoners' time and to her own foremen large sums of money for time when the machinery was shut down for lack of power; that 150 h.p. to operate your suppliant's machines and fans was not supplied by such officers, and your suppliant was obliged to supply large quantities of coal to supplement the power furnished; that machinery parts and repairs which should have been supplied by your officers, were not supplied by them, but your suppliant was obliged to supply same; that your officers did not supply the minimum number of men called for by the said contract; and in other respects the officers of your Majesty, acting on behalf of your Majesty, committed breaches and did not observe and perform the said contracts and agreements.

YOUR SUPPLIANT THEREFORE HUMBLY PRAYS:

(1) That it may be declared that your suppliant was under and by virtue of the contracts and agreements aforesaid entitled to the number of men; the average number of prisoners; the horse-power; the repairs and machinery parts thereunder and embraced therein.

(2) That the sum of \$50,000, or such sum as may be required, may be paid to your suppliant in compensation and by way of damages for the loss which has been occasioned to her by the breaches of the contracts and agreements aforesaid, and by the failure of your Majesty's officers in the premises.

3. That an account be taken of the power, prisoners and service which your suppliant was entitled to under the said contracts and the amount thereof actually received by her.

4. That an account of the product which your suppliant would have turned out under the said agreements, if your Majesty's officers had performed the contract on your part, and that after deducting the costs of material, etc., every excess may be regarded as profit, and the amount to be paid by His Majesty the King to your suppliant as and for the estimated profits she would have derived from the said contracts if said contracts had been done and performed by your Majesty's officers.

5. That an account may be taken of the damage and loss sustained by your suppliant in supplying the machinery and plant in expectation of having to do and perform the said contracts up to the limit and capacity provided therefor.

6. That your suppliant may have such further and other relief in the premises as may seem meet.

7. That your suppliant may be paid the costs of this petition.

The suppliant proposes that the trial of this petition shall take place at the City of Toronto, in the County of York.

Dated the 24th day of February, A.D., 1911.

"J. D. MONTGOMERY,"

of Canada Life Building, 46 West King Street, in the City of Toronto, counsel for Ellen Charlotte Taylor, whose usual place of abode is at 210 Cottingham Street, in the said City of Toronto.

IN THE HIGH COURT OF JUSTICE,

BETWEEN:

ELLEN CHARLOTTE TAYLOR, of the City of Toronto, in the County of York, trading under the name of Taylor, Scott & Company,
SUPPLIANT;

AND

HIS MAJESTY THE KING,

RESPONDENT.

STATEMENT OF DEFENCE.

1. Except in so far as hereinafter expressly admitted, the Respondent denies the allegations of the petition.

2. The Respondent says that the Petition discloses no cause of action as against the Respondent and claims the same benefit as though the Respondent had formally demurred thereto.

3. The Respondent pleads the provisions of Revised Statutes of Ontario, 1897, Chapter 308, Section 38, Revised Statutes of Ontario, 1897, Chapter 321, Section 6, 8 Edward VII. (Ontario), Chapter 33, Section 20, and 10 Edward VII. (Ontario), Chapter 4, Section 4.

4. The Respondent further says that as regards deficiency of power or shut-downs for want of power, which deficiency or shut-downs are not admitted by the Respondent, the same, if any, were occasioned wholly by the acts of negligence of the Suppliant in overloading the engine, in using steam for other purposes than the running of the engine, in failing to place and maintain the engine and machinery in a condition of efficiency and in failing to supply fuel in proper quantity and quality, or were due to accidents to the machinery or buildings, or that such shut-downs were made at the request of and for the convenience of the Suppliant.

5. The Respondent further says that if any prisoners sent to the Central Prison who had experience in any wood-working shop, were not assigned to the shop of the Suppliant which the Respondent does not admit but denies, some good reason existed in the opinion of the Inspector or the Warden of the Prison for arranging otherwise, within the meaning of clause 1 of the contract alleged in paragraph 1 of the Petition.

6. The Respondent further says that proper wood-burning boilers were installed in compliance with the terms of clause 18 of the contract alleged in paragraph 1 of the Petition, and the said boilers were accepted by the Suppliant as such.

7. The Respondent further says that if there ever was any liability to the Suppliant in respect of the matters set forth in the Petition which the Respondent does not admit but denies, the same was from time to time settled and adjusted and an account stated and settled in respect thereof between the Suppliant and the Respondent, and that compensation and allowance was made to and accepted by the Suppliant accordingly in various payments as between the Suppliant and the Respondent.

8. The Respondent further says that by reason of the matters alleged in the paragraph last preceding, the Suppliant is estopped from now asserting the claims set forth in the Petition or any of them.

9. The Respondent further says that if there ever was any liability to the Suppliant in respect of the matters set forth in the Petition, which the Respondent does not admit but denies, the same, in so far as based on any consideration of the number or class of men supplied to the Suppliant, was waived, abandoned and released by the Suppliant to the Respondent for good and valuable consideration, namely, in consideration of the Respondent allowing to the Suppliant for some months after September 1st, 1910, certain privileges at the Central Prison at Toronto upon terms substantially similar to those set forth in paragraph 1 of the Petition, which consideration was duly

received by the Suppliant and the Respondent says that the Suppliant is estopped from now asserting the said claims.

The Respondents therefore submits that this Petition should be dismissed with costs.

Filed this 21st day of September, 1911, by A. M. Stewart, 60 Victoria Street, Toronto, Solicitor for the Respondent.

IN THE HIGH COURT OF JUSTICE.

BETWEEN:

ELLEN CHARLOTTE TAYLOR, of the City of Toronto, in the County of
York, trading under the name of Taylor, Scott & Co.,
Suppliant,

AND

HIS MAJESTY THE KING, Respondent.

REPLY.

1. The Suppliant in reply to the Respondent's Statement of Defence, alleges that the fiat herein was granted to the Suppliant unconditionally by His Majesty, the King.

2. The Suppliant further alleges that no right to demur was reserved by the fiat so granted.

3. The Suppliant denies generally and specifically each of the allegations contained in the Respondent's Statement of Defence delivered herein and takes issue thereon.

Delivered this 18th day of October, 1911, by Montgomery, Fleury & Montgomery, of 46 West King Street, in the City of Toronto, Suppliant's Solicitors.

EXHIBIT 56.

Copy of an Order-in-Council approved by His Honour, the Lieutenant-Governor, the 18th day of June, A.D., 1912.

Upon consideration of the report of the Honourable the Minister of Lands, Forests and Mines, dated 17th June, 1912, the Committee of Council advise that the accompanying agreement, dated 14th June, 1912, between His Majesty the King, represented by the Honourable the Minister of Lands, Forests and Mines, and Willis K. Jackson, William A. Rushworth, and Ernest S. Wigle, with reference to the purchase of the Townships of Haggart and Kendry, in the District of Timiskaming, for the purpose of Colonization, be

approved by Your Honour, and that the Minister be authorized to execute the same on behalf of the Government of Ontario.

Certified,

(Signed),

J. LONSDALE CAPREOL,

Clerk, Executive Council.

EXHIBIT 57.

State of New York,

Erie County,

To Wit.:

We, Willis K. Jackson, and George A. Jackson, both of the City of Buffalo, in the State of New York, Lumbermen, make oath and say,—

1. That we are the President and Secretary, respectively, of New Ontario Colonization Company, Limited, a Company duly incorporated and existing under The Ontario Companies Act.

2. That the said Company has acquired from Messrs. Jackson & Tindle all the property, rights and privileges comprised in and granted by the Government of Ontario as represented by the Honourable, the Minister of Lands, Forests and Mines, under agreement, dated 14th June, 1912, and made between His Majesty the King, and Messrs. Willis K. Jackson, William A. Rushworth, and Ernest S. Wigle, therein called the "Purchasers."

3. That the said Company has also acquired from Messrs. Jackson & Tindle all the buildings, machinery and other property acquired by the said Jackson & Tindle in the development of the concession granted as aforesaid and the said Company is proceeding with the development of the property comprised in the said concession, and the completion and equipment of the buildings and plant connected therewith.

4. That the said Jackson & Tindle have subscribed for and have been allotted 2,500 preference shares in the capital stock of the said Company having a par value of \$250,000, in respect of which they have contracted to pay into the said Company in cash the full sum of \$250,000, and there has already been paid to the said Company upon such subscription \$175,000.00 and the remainder is to be paid from time to time as required by the Company for the completion of its buildings and plant and the development of the said Concession.

5 That the said Company owns the said Concession and the buildings, machinery and plant used in connection therewith, or in the development thereof free from all encumbrances.

(Signed),

WILLIS K. JACKSON,
GEORGE A. JACKSON.

The above named Willis K. Jackson and George A. Jackson were sworn before me at the City of Buffalo, in the State of New York, this 2nd day of November, 1912.

(Signed), AMOS McDONALD,
A Notary Public in and for Erie County.

EXHIBIT 58.

This Agreement made in duplicate this fourteenth day of June, 1912.

BETWEEN:

His Majesty, represented by the Honourable the Minister of Lands, Forests and Mines, for the Province of Ontario, hereinafter called "the Government," of the First Part, and

Willis K. Jackson, of the City of Buffalo, in the State of New York, one of the United States of America; William A. Rushworth, of the City of Toronto, in the County of York, in the Province of Ontario, and Ernest S. Wigle, of the City of Windsor, in the County of Essex, in the Province of Ontario, hereinafter called "the Purchasers," of the Second Part.

Witnesseth that in consideration of the mutual covenants, promises and agreements hereinafter set forth, the parties hereto have agreed with each other as follows:—

1. Concurrently with the execution of this agreement the purchasers will pay to the Government the sum of \$98,364.00, the receipt whereof is hereby by the Government acknowledged, which said sum of \$98,364.00 is the price or consideration paid by the purchasers to the Government for this agreement, and is and shall be deemed to be fully earned by the Government by the execution of this agreement, and the purchasers shall not be entitled on the termination of this agreement by forfeiture or otherwise to any repayment, drawback or relief whatsoever in respect of the said sum of \$98,364.00 or any part thereof, but have received and shall be deemed to have received full value therefor in the original execution of this agreement by the Government.

2. Subject always to each and all of the terms of this agreement the Government, under and by virtue of all rights or powers it thereunto enabling, doth grant, concede and confer unto and upon the purchasers the exclusive power, right, license and authority, for the purpose of and during the continuance of this agreement, to enter into and upon those certain parcels or tracts of lands and premises hereinafter set forth and to take possession and control of the same and to clear, cultivate, occupy, use and enjoy the same. The said lands are as follows:—

First:—The Township of Kendrey, in the district of Sudbury, now in the new district of Timiskaming, as created by 2nd George 5th, chapter 21, containing a lot area of 50,002 acres, more or less, as shown on plan of survey by Ontario Land Surveyor, J. W. Fitzgerald, dated 5th December, 1907, of record in the Department of Lands, Forests and Mines, save and excepting therefrom the following reservations:—

(a) The beds of the Mattagami and Muskego Rivers, and all lakes within the Township, and all islands, islets and reefs in said lakes or rivers, together with a road allowance one chain in perpendicular width laid out along each bank of said rivers and around the shores of said lakes.

(b) The right of way, station grounds and extra land of the National Transcontinental Railway across said Township, as shown on plan of survey of said right of way, dated 27th March, 1909, signed by S. N. Parent, Chairman; Hugh D. Lumsden, Chief Engineer, and A. S. Cotton, Ontario Land Surveyor, of the record in the Department of Lands, Forests and Mines.

(c) All regular road allowances as shown on plan aforesaid by J. W. Fitzgerald, Ontario Land Surveyor.

(d) Broken lots 24 and 26, concession 9, broken lots 24, 25, and lot 26 in concession 10, containing by admeasurement 700 acres more or less, for the purpose of development of the water power at Smooth Rock Falls on the Mattagami River.

(e) Those portions of broken lots 25 and 26, concessions 5 and 6, subdivided into lots and streets for townsite purposes, as shown on plan of survey by H. M. Anderson, Ontario Land Surveyor, dated October 7th, 1911, of record in the Department of Lands, Forests and Mines, together with all that portion of lot 25, concession 5, and broken lot 26, concession 5, east of the Mattagami River not included within such subdivision, also that part of broken lot 25, concession 6, and that portion of broken lot 26, concession 6, lying east of the Mattagami River and not included in such subdivision, containing by admeasurement an area of 404 acres more or less.

(f) Reserving also the right over a strip of land 100 feet wide in any and all parts of the Township for the purpose of constructing a pole or pipe line to transmit electricity or power.

Second:—The Township of Haggart, in the district of Sudbury, now in the new district of Timiskaming, as created by 2nd George 5th, chapter 21, containing a lot area of 49,860 acres, more or less, as shown on plan of survey

by Ontario Land Surveyor, J. W. Fitzgerald, dated 25th November, 1908, of record in the Department of Lands, Forests and Mines, save and excepting therefrom the following reservations:—

(a) The right of way, station grounds and extra land of the National Transcontinental Railway across said Township, as shown on plan of survey of said right of way, dated 27th March, 1909, signed S. N. Parent, Chairman; Hugh D. Lumsden, Chief Engineer, and A. S. Cotton, Ontario Land Surveyor, of record in the Department of Lands, Forests and Mines.

(b) The beds of the Muskego and Poplar Rapids Rivers; also the bed of Departure Lake and all other lakes within the township, and all islands, islets and reefs in said lakes or rivers, together with a road allowance one chain in perpendicular width laid out on each bank of the said rivers and around the shores of the said lakes.

(c) All regular road allowances as shown on the plan aforesaid by J. W. Fitzgerald, Ontario Land Surveyor.

(d) Reserving also the right over a strip of land 100 feet wide in any and all parts of the township for the purpose of constructing a pole or pipe line to transmit electricity or power.

3. The purchasers will forthwith proceed to settle and colonize the said lands with *bona fide* occupant farmers and settlers, such settlement and colonization to be effected with all reasonable despatch. And without limiting the generality of the above obligation, the purchasers guarantee that within two years from the date hereof they will cause at least two thousand four hundred acres of the said lands to be occupied and settled by at least sixteen *bona fide* farmers or settlers, and that during each succeeding period of one year thereafter, for a period of nineteen years, they will cause at least two thousand four hundred additional acres of the said lands to be occupied and settled by at least sixteen additional *bona fide* farmers and settlers. Such farmers and settlers to be such, and the occupation and settlement work by them to be such as to satisfy requirements similar to the present requirements in like case of the Free Grant and Homesteads Act and the regulations thereunder. In computing the number of farmers and settlers occupying and settling and the acreage occupied and settled by them from year to year as aforesaid any excess or deficiency of numbers or acreage in any year shall be carried forward to the credit or debit, as the case may be, of the year following, and so from year to year, and, where, in the case of any farmer or settler previously credited, his occupation and settlement subsequently fails to be such as to satisfy the provisions of this clause, the deficiency so arising in numbers and acreage shall be forthwith chargeable against the year then current and succeeding years. Provided always that the purchasers shall not be deemed to be in default under the terms of this clause, so far as relating to specific numbers and acreage guaranteed from year to year, unless and until the deficiency in question has failed to be rectified in subsequent balances within at least two years, but this proviso shall not apply to any failure to meet the obligations of this clause as regards at least five settlers and a proportionate acreage in the

first period of two years or as regards at least five settlers and a proportionate acreage in the second period of one year.

4. If, and as requested by the Minister of Lands, Forests and Mines for the Province of Ontario, hereafter in this agreement referred to as the Minister, the purchasers will improve portions of the said lands as farms, in each case by clearing and preparing for cultivation such area thereof as the Minister may designate, not exceeding twenty-five acres, and by building a house and barn thereon of such size and character as the Minister may prescribe, not exceeding in cost one thousand dollars, and by digging a well or otherwise as the Minister may prescribe, and shall offer such farms for sale at prices and upon terms to be approved of by the Minister.

5. The purchasers will at their own expense, as directed by, in a manner approved of by and to the satisfaction of the Minister, construct, build and for a reasonable period maintain all roads, bridges or other road improvements in the said townships of Kendrey and Haggart, as such construction, building and maintenance may from time to time be required in the interest of said settlers.

6. The purchasers will undertake that proper and adequate provision is made, to the satisfaction of the Minister, for the institution of public schools in the said townships, and for the erection of suitable school buildings. Provided always that such schools shall be entitled to the usual Government and municipal aid and support.

7. In order to facilitate the colonization and settlement of the said lands, the purchasers will erect thereon a hotel, store buildings, housing for accommodation and other buildings or works necessary to meet requirements in advance of town or village settlements, and will also erect, construct and equip thereon, a permanent saw-mill, planing-mill and lath-mill, the buildings and works in this clause mentioned to be undertaken and commenced within ninety days from the date of this agreement, and to be completed within twelve months from the date of this agreement, and at least \$70,000, to be expended on such buildings and works.

8. The purchasers shall cut the timber from the said lands in blocks or areas of not less than eighteen hundred acres at one time, the location of such blocks or areas to be first approved by the Minister. The lands so cut over shall be properly cleared in a good and workmanlike manner and to the satisfaction of the Minister, and the timber is not to be specially selected but the cutting is to be done out of a face. Provided always that not less than twenty acres of timber must be left for each farm as a wood lot. No land shall be cut over in advance of settlement except to an extent limited until the expiry of five years from the date hereof to fifteen thousand acres, such limit to be increased each year thereafter by two thousand acres until a limit of forty-five thousand acres has been reached. All timber cut from the said lands, other than timber which, in the opinion of the Minister is useful for pulp only, shall be manufactured in the mills of the purchasers and disposed of within the said

townships or locally to the satisfaction of the Minister, or otherwise to the satisfaction of the Minister. No pulp wood cut from the said lands shall be exported from Canada, without the permission of the Minister.

9. The purchasers will purchase from said settlers, on reasonable terms, any timber on the lands settled by them and will also give said settlers the preference for their teams and labor in cutting and removing timber from their lands, and also in cutting and removing timber from the other lands of the purchasers.

10. All sales of land by the purchasers to settlers, all agreements between the purchasers and any settler or settlers, and all regulations by the purchasers affecting any settler or settlers, shall, before becoming effective, be submitted to and receive the approval of the Minister. Provided always that the Minister, in considering, pursuant to this clause or to clause 4 of this agreement, the prices sought by the purchasers to be placed upon the said lands from time to time, shall have regard to the fair market value of the said lands in view of the enhancement of such values brought about by reason of the colonization and improvement of the locality through the efforts of the purchasers.

11. The purchasers shall not issue or publish any prospectus, advertisement or other publication respecting the said lands or the settlement of the same, until such prospectus, advertisement or publication has been submitted to and approved by the Minister.

12. The purchasers shall not lay out any townsite or sites on the said lands except with the approval of and in a manner and upon terms and conditions satisfactory to the Minister.

13. As and when the purchasers shall from time to time cause parcels of the said lands, not exceeding in each case one hundred and fifty acres, more or less, to be occupied and settled in such manner, as regards qualifications of occupant and character, continuity and duration of occupancy and settlement work, as to satisfy requirements similar to the present requirements in like case of the Free Grant and Homesteads Act and the regulations thereunder, the Government shall, on the application of the purchasers, issue a patent for the parcel in question to the settler in question, or, where there remains unperformed or only partly performed some obligation by such settler to the purchasers, to the purchasers in trust to convey the same to such settler on the performance of such obligation, or otherwise upon such terms for the due securing of the rights both of the purchasers and of such settler as the Minister shall determine. Provided always that the Minister may in any case, in which in his opinion such course is desirable, issue the Patent to the settler in question upon his own application and with or without the imposition of terms in favour of the purchasers.

14. The Government will also grant to the purchasers patents for such portions of the said lands as shall in the opinion of the Minister be reasonably

necessary for or in connection with hotel site, store sites, mill sites or other building sites required for the purposes of the undertaking, such patents to issue in each case on the completion of the building in question.

15. Notwithstanding anything in this agreement contained, all mines, minerals and mining rights in, on, or under the said lands, and, subject to the exceptions similar to those allowed by the terms of the Free Grant and Homesteads Act and the regulations thereunder, all white pine now standing or being on the said lands are, and shall be, excepted and reserved to the Crown, and all patents to be issued hereunder shall be issued subject to such exception and reservation and to all other usual exceptions, reservations and conditions.

16. Upon breach or default by the purchasers in carrying out any of the terms of this agreement, this agreement and all rights, benefits and advantages of the purchasers thereunder shall, at the option of the Government, to be notified to the purchasers in writing, forthwith cease and determine, and all interest of the purchasers thereunder or in or to the said lands shall forthwith revert to and re-vest in the Government, and in such case the purchasers shall not be entitled to the return of the price paid as hereinbefore set forth, as consideration for this agreement or any portion thereof, nor to reimbursement for any sums expended by the purchasers under the terms of this agreement or for improvements on the said lands or otherwise, nor to any compensation or damages whatsoever. Provided always that the interests of *bona fide* settlers in occupation of any portion of the said lands prior to the date of such termination shall be protected by the Government in such manner as the Minister shall reasonably determine. Provided further that the title of lands for which patents have issued shall not be affected by such termination. Provided further that before the Government shall have the right to determine this agreement as aforesaid the Government shall give to the purchasers at least six months' notice in writing, stating the nature of the default in question, and the purchasers shall have failed within such six months to remedy said default.

17. Time shall be of the essence of this agreement.

18. All notices to be given to the purchasers under the terms of this agreement shall be deemed to be sufficiently given if mailed postage prepaid and registered and addressed to Jackson & Tindle, Buffalo, New York State.

19. No waiver by the Government of any default by the purchasers under the terms of this agreement shall be deemed to operate as a waiver of any other default thereunder, or of any other matter or thing therein contained.

20. All questions arising between the Government and the purchasers under the terms of this agreement, or as to the true construction thereof, or as to true extent of the obligations of the purchasers or of the Government to each other thereunder or otherwise, shall be subject to the award, order and determination of the Minister, whose decision shall be final and conclusive as between the parties hereto.

21. No assignment of this agreement by the purchasers shall be valid unless and until the same is approved and countersigned by the Minister.

22. This agreement shall respectively enure to the benefit of and be binding upon the respective heirs, executors, administrators and successors of the parties hereto.

In witness whereof the parties hereto have hereunto set their respective hands and seals the day and year first above written.

Signed, sealed and delivered in the presence of

As to the signatures of Willis
R. Jackson and W. A. Rushworth.

(Signed), W. H. HEARST.

(Signed), AUBREY WHITE.

(Signed), WILLIS K. JACKSON.
" WM. A. RUSHWORTH,

" CARROLL C. HELE,

" ERNEST S. WIGLE.

as to signature of W. H. Hearst.

as to signature of E. S. Wigle.

(Signed), W. T. PIGGOTT.

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APPENDIX

No. 2.

REPORT

**Minutes and Evidence before the Committee on Privileges
and Elections in the matter of certain charges made
by William Proudfoot, Esquire, Member for
the Centre Riding of Huron, 1913.**

To the Honourable Legislative Assembly of the Province of Ontario:

The Standing Committee on Privileges and Elections beg to report that pursuant to the Order of this House dated the 25th day of April, 1913, they have investigated certain charges made against Sir James Whitney and the Honourable W. J. Hanna by William Proudfoot, a Member of this House, representing the Riding of Centre Huron, from his place in the House.

Mr. Proudfoot made two charges, which may be briefly stated as follows:—

1. That Sir James Whitney and the Honourable W. J. Hanna illegally, corruptly and improperly caused the issue of a fiat, which enabled the firm of Taylor, Scott and Company to litigate a claim against the Crown, and corruptly, illegally and improperly entered into an Agreement to refer the said claim to the award of one Thorne, whereby the said Taylor, Scott and Company corruptly obtained an improper award against the Crown.

2. That Honourable W. J. Hanna received from George C. Taylor, of the firm of Taylor, Scott and Company, a subscription to the Party Campaign Fund, the threatened disclosure of which so influenced Sir James Whitney and the Honourable W. J. Hanna that they unlawfully, corruptly and improperly caused the issue of the said fiat, the Agreement of reference and the award which followed.

The facts appearing from the evidence are as follows:—Taylor, Scott and Company under an Agreement dated the 1st of September, 1905, made a five-year contract with the Government to operate the woodenware industry in con-

nection with the Central Prison, which for some years previously had been operated by the Government itself. Differences of opinion arose from time to time between the Government and the Contractors as to the construction of the Contract, but it was not until 1910 that any real dispute arose. In that year, the Prison Farm at Guelph was established and the prisoners were removed from the Central Prison from time to time to the Farm to carry on the work there. The Contractors then complained that they were not being furnished with the number of prisoners to which they were entitled under the terms of the Agreement. They also complained that under the proper interpretation of the Contract they were not being furnished with the amount of power to which they were entitled.

They billed the Government from time to time with claims for damages, always pointing out, as the documents in evidence show, that besides the figures furnished by them, there were other items upon which they put no specific value, that required adjustment. The Department admitted that the Contractors had a just claim for some amount, but refused to accede to the whole of their demand.

On 24th February, 1911, J. D. Montgomery, Solicitor for Taylor, Scott and Company, wrote to the Deputy Attorney General, applying for a fiat in the ordinary way, claiming \$50,000 damages against the Crown.

On 13th March, 1911, a fiat was granted permitting Taylor, Scott and Company to take legal proceedings against the Crown.

On 23rd June, 1911, the claimants rendered their statement, giving the details of a claim amounting to \$40,472.04, and reserved the right to have certain other items valued, of which they gave no specific particulars.

On 19th November, 1911, an Agreement was entered into between Taylor, Scott and Company and the Honourable W. J. Hanna as Provincial Secretary, whereby the adjustment of the said claim was referred to one L. E. C. Thorne, an Accountant, for final adjudication.

On 24th November, 1911, Thorne made an award whereby, after adjusting all outstanding accounts between the parties, he found the Crown indebted to Taylor, Scott and Company in the sum of \$21,068.03.

On 13th January, 1912, the amount of the award was paid by the Government to Taylor, Scott and Company.

To prove the first charge, that the granting of a fiat and the reference to arbitration and the payment of the amount of the award were corrupt, illegal and improper, Mr. Proudfoot called several witnesses.

First, Deputy Attorney General J. R. Cartwright, who has held his present position continuously since his appointment by Sir Oliver Mowat in 1889, stated that the petition in this matter claiming \$50,000 damages reached

him in the ordinary way. He went into the merits of the case, and, after satisfying himself that the suppliants had a claim that it was proper should be put into litigation, he endorsed the following memo upon the Petition:—

“While the claim is, I think, much exaggerated, the suppliant has a claim for some damages, and it would seem, therefore, that the fiat asked for should be given.”

He further swore he exercised his “own unbiased and calm judgment,” and that the fiat was granted entirely upon his own responsibility, that he had no suggestion from or talk with either Sir James Whitney or the Honourable W. J. Hanna or any Minister of the Crown, or any envoy of any of them, or Taylor, Scott and Company, or any on their behalf. In fact, as he puts it, he heard nothing from any source except what the papers filed with him disclosed. He stated emphatically that any suggestion that the fiat was procured by any impropriety on the part of Sir James Whitney or the Provincial Secretary is “absolutely untrue.”

Dr. Gilmour, Warden of the Central Prison, was called by the prosecution.

Summarised, his evidence is that the working out of the minor differences arising out of the contract were left for adjustment in the hands of Inspector Rogers and himself, and did not come to the personal attention of the Minister. From intimate personal knowledge of the contract and the operations carried on under it in the Central Prison, and the loss sustained by the Contractors when so many of the best type of prison laborers were removed to Guelph in connection with the Prison Reform Movement, he was convinced that Taylor, Scott and Company had suffered serious loss and had a valid claim for compensation.

Mr. Proudfoot called L. E. C. Thorne, who made the award. His evidence is that he was engaged by the Government in 1905 to reorganize the system of accounting in the Central Prison and other Departments of the Public Service, and left the Government's employ after completing that work. When Taylor, Scott and Company brought action against the Crown, he was retained by the Government on account of his knowledge of the bookkeeping system, to prepare the case for the Crown. At a meeting in Mr. Hanna's office on the 18th of November, 1911, an Agreement was entered into by the parties referring the dispute to him for final adjustment. Aided by the knowledge he had already acquired in preparing the Government's case, he was enabled to gather the necessary data and evidence and make his award on the 21st of November, 1911.

Thorne stated clearly that he was in no way approached, or improperly influenced by anyone in connection with the matter, and that his award was honestly made according to his best judgment.

George C. Taylor, the Contractor, himself, was the last witness called on behalf of Mr. Proudfoot. His evidence clearly negatives any allegation that

there was anything corrupt, illegal or improper in the procuring of the fiat, the reference to Thorne or the award by Thorne. It was admitted that in the interview with the Premier he had made certain statements of a threatening nature, but these so far as he knew had no foundation in fact.

Sir James Whitney and the Honourable W. J. Hanna both gave evidence before the Committee. They emphatically denied any improper or corrupt influence or suggestion made by themselves or on their behalf in connection with the issue of the fiat, the Agreement or the making of the award.

In corroboration of their statements, Mr. J. D. Montgomery, who acted as Counsel for Taylor, Scott and Company in the matter, gave a most emphatic and categorical denial to every suggestion of improper conduct or influence in connection with the issue of the fiat. It was procured on his initiative in the ordinary way and without reference to any Minister, friend or official of the Government, other than the Deputy Attorney General. The delay from the issue of the fiat in March until the claim was filed in June was by arrangement made at his instance with Mr. Stewart, Counsel for the Crown, to enable him to prepare his case. He further stated that in all his dealing with him, Mr. Hanna's attitude was hostile and antagonistic towards Taylor, Scott and Company, and his treatment of Taylor, as he puts it, was "niggardly."

Mr. David Fasken, K.C., gave evidence that Thorne had taken independent advice of him about the legal aspects of the case and the form of the award. He deposed that he drew the award for Thorne.

Mr. W. K. McNaught, M.P.P., swore that in the fall of 1911, Taylor, whom he had known for some years, sought his assistance to have the litigation disposed of expeditiously. Mr. McNaught got the parties together, and it was at his suggestion that the dispute was left to Thorne for final disposition. There was no undue or improper influence of any kind in connection with it.

Charge number one therefore not only fails completely on the evidence of the witnesses produced by the prosecution, but is also emphatically negated by every witness who was heard during the enquiry.

Coming to charge number two, Counsel for Mr. Hanna admitted that he had received from Taylor a subscription of \$500 towards the Party Campaign Fund. There was not a tittle of evidence from any source that the money was used improperly or that the contribution in any way corruptly, unlawfully or improperly influenced either Sir James Whitney or the Honourable W. J. Hanna in dealing with this matter. In fact it is clear that Sir James Whitney knew nothing of it.

Mr. Proudfoot, the author of the charges under investigation, was summoned to give evidence. He appeared before the Committee, but refused to be sworn or give evidence in support of the charges he had made.

All other witnesses and all documents asked for by the parties or the Committee were produced and examined.

Your Committee therefore reports that, after a full and complete enquiry, that your Committee finds there is absolutely no evidence to support the charges referred to and they have no foundation in fact.

Attached hereto is a complete record of the evidence and proceedings before the Committee taken in shorthand.

All of which is respectfully submitted.

G. HOWARD FERGUSON,

Chairman.

Committee Room,

Toronto, 6th May, 1913.

MINUTES AND PROCEEDINGS

COMMITTEE ON PRIVILEGES AND ELECTIONS.

April 24th, 1913.

The Committee was called to meet at 10 a.m. Thursday, April 24th, in the Private Bills Committee Room. The Clerk of the Committee attended at that hour and announced to the Committee that he had been instructed to say that as the five Cabinet Ministers who were members of the Committee had declined to act, it would be advisable to defer the organization of the Committee until four o'clock so that other members might be appointed by the House instead of the Cabinet Ministers and instead of any others who might decline to act. This was agreed to.

The Committee met at 4 p.m., the following members being present:— Messrs. Armstrong, Black, Bowman, Brewster, Devitt, Eilber, Elliott, Ferguson (Grenville) Ferguson (Simcoe), Galna, Grant, Hartt, Jamieson, Lennox, Marshall, Mathieu, Mills, Morel, Munro, McGarry, McCrea, McKeown, McQueen, Norman, Preston (Durham), Preston (Lanark), Shillington, Whitesides.

Moved by Mr. Preston (Lanark), seconded by Mr. Galna, that Mr. Ferguson, of Grenville, be Chairman. Carried.

Moved by Mr. McGarry, seconded by Mr. Mills, that this Committee authorize the Chairman to engage the services of a stenographer to take the proceedings in shorthand and transcribe the same. Carried.

The Chairman read to the Committee the Resolution of the House of the 23rd April, 1913, as follows:—

“Resolved, That the statement made this day to this House by William Proudfoot be referred to the Standing Committee on Privileges and Elections, with instructions to inquire and report thereon and with power to send for and examine all necessary persons and papers in or concerning the premises. And that the said Committee be empowered to sit for such purpose during any adjournment of this House.”

The Chairman also announced that he had the statement of Mr. Proudfoot containing the charges made by him.

It was decided to allow Mr. Proudfoot to be represented by Counsel and assistant counsel before the Committee, and that he with counsel be allowed to

examine all papers which the Committee might order to be produced, at the office of the Clerk, Friday, at 2 p.m.

The motion of Mr. Bowman, seconded by Mr. Munro, requiring the production of certain documents and papers, was carried.

Moved by Mr. McKeown, that when the Committee adjourns, it adjourns until Tuesday, April 20th, at 10 a.m.

Moved by Mr. Bowman, seconded by Mr. Marshall, that S. A. Armstrong, W. W. Dunlop, J. R. Cartwright, George C. Taylor and L. E. C. Thorne be summoned to attend before the Committee next Tuesday. Carried.

Moved by Mr. Lennox, that the Committee adjourn. Carried.

April 29th, 1913.

Mr. Ferguson (Grenville) Chairman.

The Committee met at 10 a.m., the following members being present:—Messieurs Armstrong, Black, Bowman, Brewster, Devitt, Eilber, Elliott, Ferguson (Simcoe), Galna, Grant, Hartt, Jamieson, Jessop, Lennox, Marshall, Mathieu, Mills, Morel, Munro, McCrea, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Racine, Ross, Rowell, Shillington, Thompson (Simcoe), Vrooman, Whitesides.

Mr. Dewart and Mr. W. J. Elliott appeared for Mr. Proudfoot.

Mr. Wallace Nesbitt and Mr. W. M. Ferguson for Sir James Whitney and Mr. Hanna.

Mr. Dewart called Mr. S. A. Armstrong.

The “*Gazette*” and “*Journals*” of 1911 were produced, also correspondence *re* coal and under feed stokers contract.

Mr. Cartwright called; produced papers on file *re* granting of fiat to Taylor.

Dr. Gilmour called and examined by Mr. Dewart.

Committee ordered that Mr. A. M. Stewart be summoned to attend and give evidence.

Committee adjourned at 1 p.m., to meet again at 2 p.m.

The Committee met again at 2 p.m.

Dr. Gilmour re-examined by Mr. Dewart.

The Committee adjourned at 3 p.m. until 4 at the request of Mr. Dewart.

Mr. Armstrong re-called; re-examined by Mr. Dewart as to production of papers.

Mr. Dewart asked for further adjournment until 8 o'clock in order that he might be able to further examine the papers produced.

The Chairman ruled that the Committee proceed with the consideration of the charges without further adjournment.

Mr. Bowman appealed against the Ruling of the Chair and asked for the Yeas and Nays.

The Chair was sustained.

The Yeas and Nays were then taken on the Question, Shall Ruling of Chair be sustained?

Yea.—Armstrong, Black, Brewster, Devitt, Eilber, Ferguson (Simcoe), Galna, Grant, Hartt, Jamieson, Jessop, Lennox, Marshall, Mathieu, Mills, Morel, McCrea, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Ross, Rowell, Shillington, Thompson (Simcoe), Vrooman, Whitesides.—26.

Nay.—Bowman, Elliott, Munro, Racine.—4.

Mr. Dewart then proceeded with the examination of Mr. Armstrong.

The Chairman ruled, That the investigation do not extend to under feed stokers and coal contracts.

Mr. L. E. C. Thorne sworn and examined by Mr. Dewart.

The Committee adjourned at 6 p.m. to meet again at 8 p.m.

At 8 p.m. the examination of Mr. Thorne was resumed.

The Chairman ruled again against any questions being asked witness as to coal contracts.

Mr. Bowman appealed from the Ruling of the Chair and asked for the Yeas and Nays.

The Question was then put, Shall the Ruling of the Chair be sustained?

Yea.—Messieurs Armstrong, Black, Brewster, Devitt, Eilber, Ferguson (Simcoe), Galna, Grant, Hartt, Jessop, Lennox, Mathieu, Mills, Morel, McCrea, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Ross, Shillington, Vrooman, Whitesides.—25.

Nay.—Bowman, Elliott, Marshall, Munro, Racine, Thompson (Simcoe).—6.

The Chairman ruled that question could not be asked witness whether he took part in the manipulation of a coal contract.

Mr. Bowman appealed against the Ruling of the Chair.

The Ruling of the Chair was sustained on the same division as the last vote without the Yeas and Nays being taken.

The Chairman ruled that letter from witness to Maisonville cannot be read by witness in order to refresh his memory.

Mr. Bowman appealed from Ruling.

Question: Shall Ruling of Chairman be sustained?

Yea.—Messieurs Armstrong, Black, Brewster, Devitt, Eilber, Ferguson (Simcoe), Galna, Grant, Hartt, Jessop, Lennox, Mathieu, Mills, Morel, McCrea, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Ross, Shillington, Thompson (Simcoe), Vrooman, Whitesides.—26.

Nay.—Messieurs Bowman, Elliott, Munro, Racine.—4.

The Chairman ruled that witness could not be asked to sign the letter in order to identify it.

Ruling of Chair sustained.

Committee adjourned, to meet Wednesday at 10 a.m.

April 30th, 1913.

Committee met at 10 a.m., the following members being present:

Mr. Ferguson (Grenville) Chairman.

Messieurs Armstrong, Black, Bowman, Brewster, Devitt, Eilber, Elliott, Ferguson (Simcoe), Galna, Grant, Hartt, Jamieson, Jessop, Lennox, Macdiarmid, Marshall, Mathieu, Mills, Morel, Munro, McCrae, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Racine, Ross, Rowell, Shillington, Thompson (Simcoe), Vrooman, Whitesides.

George C. Taylor examined by Mr. Dewart.

Chairman ruled that the admission of Counsel for Mr. Hanna as to the payment of \$500, the date being known, that the Committee was seized of all the necessary facts and he ruled that questions could not be asked witness as to the circumstances surrounding the payment of the subscription of \$500.

Mr. Bowman appealed against the Ruling of Chair.

Question: Shall Ruling of Chair be sustained?

Yea.—Messieurs Armstrong, Black, Devitt, Eilber, Ferguson (Simcoe), Galna, Grant, Hart, Jamieson, Jessop, Lennox, Mathieu, Mills, Morel, McCrae, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Ross, Shillington, Thompson (Simcoe), Vrooman, Whitesides.—26.

Nay.—Bowman, Elliott, Marshall, Munro, Racine, Rowell.—6.

Chairman ruled that question could not be asked Taylor as to whether he had been requested to make other subscriptions.

Mr. Bowman appealed against Ruling of Chairman.

Question: Shall Ruling of Chair be sustained?

Yea.—Messieurs Armstrong, Black, Devitt, Eilber, Ferguson (Simcoe), Galna, Grant, Hartt, Jamieson, Jessop, Lennox, Mathieu, Morel, McCrea, McGarry, McKeown, Neely, Norman, Preston (Lanark), Ross, Shillington, Thompson (Simcoe), Vrooman, Whitesides.—24.

Nay.—Bowman, Elliott, Marshall, Munro, Racine, Rowell.—6.

Mr. J. D. Montgomery called and examined by Mr. Nesbitt.

Mr. McNaught called and examined by Mr. Nesbitt.

Committee adjourned at 1 p.m. to meet again at 2 p.m.

2 p.m.

Mr. McNaught further examined by Mr. Nesbitt.

Committee ordered that Mr. David Faskin be summoned to give evidence.

J. D. Montgomery re-called and examined by Mr. Nesbitt.

Sir James Whitney called and examined by Mr. Nesbitt.

Mr. Hanna called and examined by Mr. Nesbitt.

Mr. Foy called and examined by Mr. Nesbitt.

The Committee ordered that Mr. Proudfoot be summoned to give evidence.

May 1st, 1913.

The Committee met at 10 a.m., the following members being present:—

Mr. Ferguson (Grenville) Chairman.

Messieurs Bowman, Devitt, Eilber, Galna, Grant, Hartt, Jamieson, Lennox, Macdiarmid, Marshall, Mathieu, Morel, Munro, McCrae, McGarry, McKeown, McQueen, Neely, Norman, Preston (Durham), Preston (Lanark), Racine, Shillington, Whitesides.

Mr. David Faskin called and examined by Mr. Nesbitt.

Mr. Proudfoot declined to give evidence or to take the oath.

Mr. McGarry moved, seconded by Mr. McCrea, That the Committee do not hear any statement from Mr. Proudfoot because he refuses to be sworn as a witness.

The Motion was carried. Yeas 20, Nays 5, as follows:—

Yea.—Messieurs Armstrong, Devitt, Eilber, Galna, Grant, Hartt, Jamieson, Lennox, Macdiarmid, Mathieu, Morel, McCrae, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Shillington, Whitesides.—20.

Nay.—Messieurs Bowman, Marshall, Munro, McQueen, Racine.—5.

Mr. Nesbitt then addressed the Committee on behalf of Sir James Whitney and the Honourable Mr. Hanna.

The Committee adjourned at 11.45 a.m., to meet Tuesday, 6th May, to consider report.

May 6th, 1913.

The Committee met at 10 a.m., the following members being present:—

Mr. Ferguson (Grenville) Chairman.

Messieurs Armstrong, Black, Bowman, Eilber, Elliott, Ferguson (Simcoe), Grant, Hartt, Jessop, Lennox, Macdiarmid, Marshall, Mathieu, Mills, Morel, Munro, McGarry, McKeown, Norman, Preston (Durham), Preston (Lanark), Racine, Ross, Shillington, Vrooman, Whitesides.

The Chairman read the draft report which he had prepared.

Mr. Mathieu moved, seconded by Mr. Black,

That the Report as read by the Chairman be adopted and presented to the House as the Report of the Committee.

Moved in Amendment by Mr. Bowman, seconded by Mr. Munro,

That the said Report be not adopted, but the following be reported to the House as the Report of the Committee:

Your Committee met and organized with Mr. G. Howard Ferguson as Chairman. The Committee held a number of sittings and heard a number of witnesses.

1. By reason of the matters hereinafter set forth, Mr. Proudfoot, the member for the Electoral District of Centre Huron, only partially presented the evidence in support of his charges, but the evidence so far as presented in large part substantiated the charges made by Mr. Proudfoot and your Committee finds the following facts:

2. That Ellen Charlotte Taylor, trading under the name of Taylor, Scott & Company, entered into a contract with the Inspector of Prisons and Public Charities on behalf of His Majesty, the said Inspector being one of the officers of the Provincial Secretary's Department and under the control of the said Provincial Secretary during the incumbency of that office by the Hon. W. J. Hanna, acting for and on behalf of the said Province, which contract bears date the 20th day of July, 1905, and was for the term of five years from the 1st day of September, 1905, whereby the said Company was to manufacture washboards and other articles as therein set forth, at the Central Prison belonging to the said Province.

3. In the years 1907 and 1908 certain disputes existed and continued to be in existence between the said parties, in which the said Taylor, Scott & Company claimed that the Government of the Province of Ontario was not fulfilling, and had not fulfilled, the said agreement, whereby the said firm claimed to be entitled to damages.

4. The said disputes and others which arose from time to time continued down to the 18th day of November, A.D. 1911, when the same were referred to one L. E. C. Thorne for arbitration and adjudication, the said L. E. C. Thorne being an accountant whom the said Hon. W. J. Hanna had brought over from Port Huron, in the United States of America, in the year 1905, to adjust and regulate the accounting system of various branches of the Provincial Secretary's Department of the Province of Ontario, in which Department he continued to be engaged for a period of over two years after his original employment, and thereafter he continued to be consulted from time to time by the Hon. W. J. Hanna with reference to matters relating to the wood-working contract carried on by Taylor, Scott & Company, under the said in part recited agreement.

5. On or about the 29th day of November, 1907, while the said claims or some of them were pending before the said Hon. W. J. Hanna and were matters with which the said Hon. W. J. Hanna was required to deal as a Minister of the Crown, the said Taylor, Scott & Company, or George C. Taylor representing them, was requested by the said Hon. W. J. Hanna, then acting as

Provincial Secretary for the Province of Ontario, to make him a payment in cash, which payment in cash was on the said last mentioned date made by the said firm or the said Taylor to the said Hon. W. J. Hanna, as so requested by him, at a time when no political campaign was in progress and no election in early contemplation, the writs for the next election that was actually held not having issued until the month of May, 1908, the election itself being held on the 8th day of June, 1908. See evidence of George C. Taylor, page 188, with reference to the date of payment:

The Chairman. Q.—It has been admitted, Mr. Taylor, that you paid \$500 cash to the Provincial Secretary. What was the date of the payment?
A.—29th November, 1907.

6. The said William Proudfoot charges “that he (the said Hon. W. J. Hanna) had accepted the said sum of \$500 from the said Taylor, thereby leading the said Taylor to believe that the claim would be satisfied, and that the said sum was paid in consideration thereof.” Further, “that the actions of the said Hon. W. J. Hanna in the demand for and the acceptance of the said sum of \$500 by the said Hon. W. J. Hanna in the manner and for the purposes above set forth, are and were unlawful, corrupt and improper acts on the part of the said Hon. W. J. Hanna and contrary to the law and practice of Parliament, and of this Legislative Assembly, and are subversive of good Government and the due and proper administration of the public affairs of the Province.”

While the said George C. Taylor was in the witness box giving his testimony, Counsel for Sir James Whitney and the Hon. W. J. Hanna admitted that Mr. Taylor made the said contribution of \$500 to Mr. Hanna for party funds. Mr. Nesbitt, Counsel for the said Sir James Whitney and Hon. W. J. Hanna, made the further statement appearing on page 186 of the evidence as follows:

“Mr. Nesbitt.—My admission is absolute, that there was a payment of \$500 toward the party funds. Mr. Hanna has admitted that, and I am not going to ask him anything about it, and I am going to say that he should not be cross-examined about it.”

In the course of a statement made by the Chairman on this matter, page 188, the following appears: “The point we are dealing with now is with reference to the payment of the \$500 entirely, and Counsel for Mr. Hanna has said we admit the payment of \$500, and we are prepared to say it was demanded or proffered, just as you like. In my own view that is not material, one way or the other. If there is any iniquity about it, it attaches just as strongly one way as the other.” Counsel for Sir James Whitney and the Hon. W. J. Hanna thereupon took the ground that Counsel for Mr. Proudfoot was bound to accept the admission and could not go into the circumstances surrounding the payment or the conversation between the parties in reference thereto. (See evidence, page 189. And the majority of the Committee sustained the ruling of the Chairman, and the Chairman, supported by the majority of the Committee thereupon declined to permit Counsel for Mr. Proudfoot

to ask further questions or to submit further evidence in connection with this payment. Counsel for Mr. Proudfoot then asked the witness if Mr. Hanna had requested him to make other payments or contributions for political purposes. The Chairman ruled this question out of order, and upon appeal the Ruling of the Chairman was sustained by the majority of the Committee, and the Chairman directed that the said question, and the discussion that took place upon the same, be stricken from the records.

7. In view of the facts established in evidence in this investigation, and the admissions made by Counsel for Sir James Whitney and the Hon. W. J. Hanna, and the refusal of the Chairman, at the request of the Counsel for Sir James Whitney and Hon. W. J. Hanna, to permit Counsel for Mr. Proudfoot to continue said investigation and give further evidence with reference to the circumstances under which said payment was made and the object for which the same was made, and in view of the statement of Counsel for Sir James Whitney and Mr. Hanna that he was not going to ask Mr. Hanna anything about this payment, and that Mr. Hanna should not be cross-examined about it, thus precluding further investigation into the matter, and in view of the further fact that the said Hon. W. J. Hanna did not in giving his testimony deny that the said sum of \$500 was paid to him under the conditions and for the purposes set forth in the charge, your Committee is justified in finding that the charge of the said William Proudfoot is sustained and that the said payment was illegal, corrupt and subversive of good government, and that the actions of the said Hon. W. J. Hanna in the demand and acceptance of the said sum of \$500 in the manner and for the purposes above set forth, are unlawful, corrupt and improper acts on the part of the said Hon. W. J. Hanna, and that the same are subversive of good Government and the due and proper administration of the public affairs of the Province.

8. The efforts of the said firm of Taylor, Scott & Company to secure settlement or adjustment of their claims against the Government continued from the year 1907 without any apparent success until the early part of the year 1911, when the said firm applied for a fiat to commence an action against the Crown for the amount of their alleged claim. The application for the said fiat was delayed, and the Legislature being then in session, the said George C. Taylor interviewed the said Hon. W. J. Hanna and contended that the said firm of Taylor, Scott & Company had a good claim, which was being unreasonably and improperly delayed, and insisted that the said fiat should be granted, and he accused the said Hon. W. J. Hanna, among other things, as follows:

"That he, the said Hon. W. J. Hanna, had accepted the said sum of \$500 from the said Taylor, thereby leading the said Taylor to believe that his claim would be satisfied, and that the said sum was paid in consideration thereof, and that the same was given for alleged political and party purposes, as hereinbefore set forth; that the said Hon. W. J. Hanna manipulated the opening and granting of certain coal tenders; that there were grave irregularities in connection with the purchase of certain self-feeding stokers, and that the said Hon. W. J. Hanna had otherwise acted in an improper, corrupt and illegal manner, and against the good government of the Province and the administra-

tion of the public affairs thereof." And the said George C. Taylor threatened unless said fiat were granted, that he would make public his charges against said Hon. W. J. Hanna. Counsel for Sir James Whitney and Hon. W. J. Hanna admitted that the said Taylor made said charges, as appears from the statement of said Counsel on page 87 of the evidence:—

"Mr. Nesbitt.—Mr. Chairman, may I satisfy my learned friend about that. I do not intend to dispute, and I hereby admit on behalf of Mr. Hanna that Mr. Taylor made this accusation to him. That is all that is alleged, that Mr. Taylor made these accusations to him."

Mr. Hanna in his evidence, examined by Mr. Nesbitt, stated as follows:—

Q.—I believe disputes did arise between your Department and Taylor as to his account? A.—Yes.

Q.—You have told us that Taylor then came to see you? A.—Yes.

Q.—And I believe he made certain threats? A.—Yes.

Q.—That are set out here correctly, are they? A.—Yes, he made such threats as are there.

9. Subsequent to said interview said George C. Taylor called upon Sir James Whitney and repeated to him charges which he made against the Hon. W. J. Hanna, and threatened to expose the said Hon. W. J. Hanna unless the said fiat was granted, and within a few days thereafter the said fiat was granted, but upon the understanding that it was not to be used for three months. Before the said fiat issued Sir James Pliny Whitney had a knowledge of the charges and threats of the said Taylor, and that the said Hon. W. J. Hanna admitted the truth of at least one of said charges, *viz.*, the payment of the said \$500. And with such knowledge and in face of these threats a fiat issued without any retraction of the charges that had been made, without any effort to compel the said Taylor to prove them and without any suggestion or offer on the part of either Sir James Pliny Whitney or the Hon. W. J. Hanna to return the money which they knew had been illegally, corruptly and improperly paid to the said Hon. W. J. Hanna, and which money to this day apparently remains unreturned. In view of the undoubted fact appearing upon evidence, and from the Exhibits filed, that the said Taylor, Scott & Company made no progress toward a settlement or adjustment of their said claims from the year 1907 to the date of the said threats of exposure and that the said fiat issued immediately after the said threats of exposure, your Committee is justified in finding that the said fiat issued at the time it did, and under the agreement and understanding above set forth, with a view to avoiding the threatened exposure on the charges made against the said Hon. W. J. Hanna, and that the actions of the said Sir James P. Whitney and the Hon. W. J. Hanna in procuring or concurring in the issue of said fiat at the said date upon the said agreement and understanding and under the circumstances above set forth were corrupt and improper acts on the part of the said Hon. Sir James Pliny Whitney and Hon. W. J. Hanna.

10. There was no suggestion in the statement and charge made by Mr. Proudfoot and referred to this Committee for investigation, that the said Taylor, Scott & Company had no claim or demand against the Government, which they were entitled to have litigated in the Courts; nor was there any suggestion in the statement or charge that J. R. Cartwright, Esq., K.C., Deputy Attorney-General, had been guilty of any improper conduct in his consideration of the question as to whether there was some claim that should properly be considered in the Courts, and the correspondence filed, and evidence shows that the said J. R. Cartwright, Esq., K.C., knew nothing of the illegal, corrupt and improper payment of money by the said Taylor, Scott & Company to the said Hon. W. J. Hanna, knew nothing of the threats of exposure that were made by the said George C. Taylor to the said Hon. W. J. Hanna, or the said Sir James Whitney, and knew nothing of the private understanding that existed between the parties relating to the deferring of the proceedings upon the fiat in question for a period of three months after its issue, all of which matters were concealed from him. That the fiat was issued under an agreement, with the terms of which Mr. Cartwright was entirely ignorant, made and entered into with the said Hon. W. J. Hanna, clearly appears from the letters of the said Hon. W. J. Hanna to Mr. Montgomery, solicitor for Taylor, Scott & Company, dated 29th March, 1911, in which Mr. Hanna says: "Thanks for your personal letter enclosing communication from Mr. Cartwright.... I have called his attention to the arrangement that the matter stand for three months to give opportunity of going into the facts fully with a view to adjustment, if we can get close enough together to admit it."

11. After the expiration of the said period of three months a petition of right by the said firm was served, wherein they claimed \$50,000 damages, although the particulars of their said claim as presented to the Department amounted only to the sum of \$19,463.02. A defence was put in by the Province disputing the whole of the said claim which, as reported by one Postlethwaite, one of the inspectors in the Department of the Provincial Secretary, appeared to him to be without any reasonable justification.

12. In the autumn of 1911, while the said George C. Taylor was pressing to have the said action brought down to trial, the Government dissolved the House, and announced the date of the General Elections for the 11th day of December, 1911.

13. The said George C. Taylor then renewed his pressure to have a speedy disposition of his claim before the said election should be held, and the said Hon. W. J. Hanna invoked the assistance of the said L. E. C. Thorne, who was also a friend of the said George C. Taylor. It was sworn by the said L. E. C. Thorne that in the course of the negotiations looking to the settlement of said claim by arbitration, the said Hon. W. J. Hanna told him (the said L. E. C. Thorne) that if Taylor made it public about the \$500 it would undoubtedly or probably mean his resignation.

The following is an extract from Mr. Thorne's evidence:

Examined by Mr. Dewart:

Q. And he further said that it was up to him to resign if Mr. Taylor made the charges, whether he proved them or not? A.—How is that?

Q.—And that it was up to him to resign if Mr. Taylor made public his charges, whether he proved them or not. A.—I don't remember it in that way. I remember about this, that he told me if the \$500 transaction became public—I can't say whether it would “probably” or “undoubtedly” mean his resignation.

Q.—But the matter of the other charges with reference to the two classes of contract, the coal contract and the underfeed stoker, had been discussed? A.—As I remember now, it referred only to the \$500 item.

Q.—He seemed to realize that it was rather a serious matter? A.—He did undoubtedly.

The Hon. W. J. Hanna was at that time demanding a withdrawal of the charges that had been made by the said George C. Taylor, and refusing to consent to a settlement unless the charges were withdrawn.

14. As a result of such pressure brought to bear upon the said Provincial Secretary, Hon. W. J. Hanna, and upon Sir James Pliny Whitney by the threats of exposure of the said Hon. W. J. Hanna, an agreement was made between the Government (by the said Hon. W. J. Hanna) and the said firm of Taylor, Scott & Company for the reference of the claim of the said firm to the arbitration of the said L. E. C. Thorne as sole referee without appeal, upon the corrupt agreement and understanding that in return for the reference of the said claim to such arbitrament and the withdrawal of the defences pleaded by the Crown in said action the said George C. Taylor should refrain from making or repeating the charges and threats which he had previously used as against the said Hon. W. J. Hanna. The said agreement for reference of the said claim to arbitration was drawn up by the said Hon. W. J. Hanna, and was made on Saturday, November 18th, 1911, at or about 4 o'clock in the afternoon, and is in the form following:

“MEMORANDUM OF AGREEMENT made this 18th day of November, 1911.

BETWEEN

TAYLOR SCOTT & COMPANY

—and—

THE KING.

IT IS HEREBY AGREED that all matters in dispute between the said parties, including those in question in a certain action now pending between them, be referred to the award of L. E. C. Thorne, said award to be given within thirty days of this date and to be without appeal; payment to be made within sixty days from this date; the said Thorne to have absolute discretion as to the

manner and extent of his investigation; the remuneration of the said Thorne to be fixed by Mr. W. K. McNaught, and to be borne equally by the parties hereto.

Witness:

W. K. McNAUGHT.

TAYLOR SCOTT & Co.
Per Geo. C. Taylor,
Attorney for Taylor, Scott & Co.

W. J. HANNA,
Provincial Secretary."

15. In the course of these last negotiations W. K. McNaught, one of the members of the Legislature for the Electoral District of North Toronto, having been interested by the said Taylor, took part and assisted in the negotiation of the agreement, whereby the said claim was referred to arbitration, and it was agreed that the said McNaught should define the remuneration that the said arbitrator should receive, which was to be borne equally by the parties thereto.

16. On the 24th of November the said arbitrator made his award without taking evidence, whereby he found the said firm of Taylor, Scott & Company entitled to the sum of \$21,068.03. In the particulars of claim filed by the said Taylor, Scott & Co., amounting to \$19,463, items were reduced or disallowed amounting to \$5,938, and the said L. E. C. Thorne arrived at the amount of his award in favor of the said Taylor, Scott & Company by fixing the amount of the item for loss of power at \$17,656, which the said Taylor, Scott & Company had, in their particulars of claim of February, 1911, fixed at \$8,619. The net amount of the award, fixed at the sum of \$21,018, was paid to the said firm of Taylor, Scott & Company on January 17th, 1912. The fee of the said arbitrator was fixed by said W. K. McNaught at \$1,000 for 5 or 6 days' work; although the said arbitrator was engaged as an accountant in the City at that time at a salary not exceeding \$200.00 a month. The said arbitrator was paid \$500 by the Province and \$750 by Taylor, Scott & Company.

17. Your Committee further finds that the withdrawal of an action against the Crown in right of the Province which was ready and set down for trial in the Courts of the Province at the time that the said reference to arbitration was made in order to avoid the threatened exposure of the said Hon. W. J. Hanna in the face of the election then pending and to procure the corrupt and improper understanding and agreement that the said Taylor, representing Taylor, Scott & Co., would refrain from making public his charges which he had previously made against the said Hon. W. J. Hanna, was an improper and corrupt understanding and agreement, contrary to and subversive of good government, and the honest and proper administration of the public affairs of this Province.

18. That in the course of the investigation Counsel for the said William Proudfoot was, upon objection taken by Counsel for the said

Sir James Pliny Whitney and Hon. W. J. Hanna, repeatedly precluded from presenting to the Committee evidence which was most material and vital to the full presentation of the facts and circumstances relating to the questions submitted to the Committee for consideration. The particulars of these, in so far as they have not been expunged from the records, appear in the evidence and proceedings had prior to the withdrawal of Mr. Proudfoot's Counsel from the Committee. One of the rulings of the said Chairman to which objection was taken by Counsel for the said William Proudfoot was that said Counsel was not entitled to put in the hands of the said Thorne when in the witness box for the purpose of refreshing his memory a letter written by the said Thorne on the 22nd day of January, 1911, immediately after the payment of the amount covered by said award in which said Thorne set forth certain facts and circumstances in connection with the said reference and award, and which statements the said Thorne swore were true, and although the said Thorne admitted the writing of said letter and admitted his signature thereto Counsel for said William Proudfoot was not permitted to put the said letter in the hands of said witness for the purpose of cross-examining him upon it and having the same placed upon the records of the Committee.

19. By reason of the repeated refusal of the Chairman of the Committee to permit evidence properly admissible to be presented by Mr. Proudfoot's Counsel, Mr. Proudfoot and his Counsel felt compelled to withdraw from the Committee before they had closed their case, and the Liberal members of the Committee also withdrew as a protest against the rulings of the Chairman on the admissibility of such evidence.

20. The issue upon which Counsel for Mr. Proudfoot and the Liberal members of the Committee withdrew arose when Counsel for Mr. Proudfoot proposed to show the facts and circumstances surrounding the payment of the aforesaid sum of \$500 by the said George C. Taylor to the said Hon. W. J. Hanna from the witness Taylor who was then in the box. Counsel for the said Sir James Pliny Whitney and Hon. W. J. Hanna admitted the bald facts of the payment of the said \$500 by George C. Taylor to Hon. W. J. Hanna and of the statements made by Taylor to the Hon. W. J. Hanna relating to the manipulation of the contracts and tenders before referred to in connection with the contracts before referred to.

The said Counsel for the Hon. W. J. Hanna and Sir James Whitney further stated that he did not propose to submit the Hon. W. J. Hanna for examination or cross-examination on these points. It was very properly contended by Counsel for the said William Proudfoot that these admissions did not cover the facts and circumstances connected with the making of the said payment and of the statements and threats before referred to, and that these facts and circumstances should properly be put in evidence in order further to assist the Committee in the proper investigation of the matters submitted to them, and especially in view of the nature of the charge, the matters of the payment and statements and all actions connected therewith and the agreement for their suppression so made were proper matters of evidence for the Committee to consider.

Upon the ruling of the Chairman, Counsel for Mr. Proudfoot was precluded from submitting this evidence. In consequence of the said ruling and other rulings of the Chairman, acquiesced in by a majority of the Committee, Mr. Proudfoot was unable to present such evidence as he relied upon more fully to support the allegations in his charge relating to the illegal, improper and corrupt conduct of the said Hon. W. J. Hanna and Sir James Pliny Whitney in respect of the said transactions set out in the said charge.

21. In view of the foregoing, this Committee recommends that the Legislature be requested to appoint a Royal Commission to investigate the whole subject of the charges that were referred to the Committee on Privileges and Elections, in order to secure a full, fair and impartial investigation.

The Yeas and Nays having been called for on the Amendment the vote was as follows:

Yeas.—Messieurs Bowman, Elliott, Marshall, Munro, Racine.—5.

Nays.—Messieurs Armstrong, Black, Eilber, Ferguson (Simcoe), Grant, Hartt, Jessop, Lennox, Mathieu, Mills, Morel, McGarry, McKeown, Norman, Preston (Durham), Preston (Lanark), Ross, Shillington, Vrooman, Whitesides.—20.

The Amendment was declared lost.

The original Motion was then declared carried on the same division.

The Committee adjourned at 11 a.m. *sine die*.

BEFORE THE COMMITTEE ON PRIVILEGES AND ELECTIONS.

Toronto, Thursday, April 24th, 1913.

Reception Room, Parliament Bldgs., 4 p.m.

Present:—Messieurs G. Howard Ferguson, Armstrong, Black, Bowman, Brewster, Devitt, Eilber, Elliott, Ferguson (Simcoe), Galna, Grant, Hartt, Jamieson, Jessop, Lennox, Macdiarmid, Marshall, Mathieu, Morel, Mills, Munro, McGarry, McCrea, Neely, McKeown, Norman, McQueen, Preston (Lanark), Preston (Durham), Racine, Ross, Rowell, Shillington, Thompson, Vrooman, Whitesides.

Moved by Mr. Preston (Lanark), seconded by Mr. Galna,

That Mr. G. Howard Ferguson take the Chair. Carried.

THE CHAIRMAN: It has been moved by Mr. McGarry, seconded by Mr. Mills, that the Committee engage the services of a stenographer to take the proceedings of the Committee and transcribe the same. Carried.

To put our proceedings in proper order I purpose reading to the Committee the Resolution of the House referring this matter in question to us here.

The Resolution of the House calling this Committee together is that the statement made this day to this House by William Proudfoot be referred to the Standing Committee on Privileges and Elections with instructions to inquire and report thereon, and with power to send for and examine all necessary persons and papers in or concerning the premises, and that the said Committee be empowered to sit for such purposes during any adjournment of the House.

I have here the statement referred to in the Resolution signed by William Proudfoot, which I presume it is not necessary to read, but it will be extended on the notes of the proceedings here.

I. WILLIAM PROUDFOOT, a member of the Legislature for the Electoral District of Centre Huron, in the Province of Ontario, Dominion of Canada, Declare that I am credibly informed, and I believe that I can establish by satisfactory evidence: —

“That Taylor, Scott and Company entered into a contract with the Hon. William J. Hanna, the Provincial Secretary of the Province of Ontario, for and on behalf of the said Province, on the 20th day of July, A.D. 1905, for the term of five years from the 1st day of September, 1905, to the 1st day of September, 1910, whereby said Company was to manufacture washboards and other articles as therein set forth, at the Central Prison belonging to the said Province. The said Province to maintain and provide the wood working shop then installed in said prison, and to supply a minimum of eighty men, and if more required, up to a total of one third of the total prisoners. The said Taylor, Scott and Company to pay therefor according to the Schedule set forth in said agreement, and also in an agreement which was subsequently come to between the said parties.

“In the years 1907 and 1908 certain disputes arose between the said parties, in which the said Taylor, Scott and Company claimed that the Province was not fulfilling and had not fulfilled its said agreement, whereby they claimed to be entitled to damages.

"The said dispute, and others which arose from time to time continued down to the 18th day of November, A.D. 1911, when same were referred to one L. E. C. Thorne for adjudication.

"In the year 1908, the said Taylor, Scott and Co., or George C. Taylor, was requested to make a contribution to the party funds of the Provincial Conservative party of the said Province, then being in office, or to the Provincial Secretary aforesaid, and in accordance with such request did contribute and pay over to the said Provincial Secretary the sum of \$500.00; said payment being illegal, corrupt and subversive of good government.

"In the beginning of the year 1911, the said firm of Taylor, Scott and Co. made various efforts to procure a settlement of their claim without success. Finally they applied to the Honourable the Attorney-General for a fiat to enable them to commence legal proceedings. The claim then put forward was for the sum of \$19,463.02, made up of damages suffered through various alleged breaches of said agreement.

"The application for the said fiat was greatly delayed, and the said George C. Taylor decided that it could not be procured through the ordinary and proper channels. Thereupon and on a number of occasions, he interviewed the said Hon. the Provincial Secretary, who took the ground that the said Company had no valid or legal claim. The said George C. Taylor contended that they had a good claim, and insisted on said fiat being granted, and accused the said Provincial Secretary amongst other things as follows:—

"That he, the said Hanna had accepted the said sum of \$500 from the said Taylor, thereby leading the said Taylor to believe that his claim would be satisfied, and that the said sum was paid in consideration thereof, and that the same was given for alleged political and party purposes, as hereinbefore set forth; that the said Hanna manipulated the opening and granting of certain coal tenders; that there were grave irregularities in connection with the purchase of certain self-feeding stokers, and that the said Hanna had otherwise acted in an improper, corrupt and illegal manner and against the good government of the Province and the administration of the public affairs thereof.

"All of these matters were laid before the Hon. Sir James Pliny Whitney, Prime Minister of the Province of Ontario, and within a few days afterwards said fiat was granted, but on the understanding that it was not to be used for three months. The House was then in Session.

"This was followed by the service of a petition of right by the said firm, wherein they claimed \$50,000 damages, although their said claim, as presented to the Department, amounted only to the sum of \$19,463.02. A defence was put in by the Province disputing the whole of said claim, which was, according to the reports of the Government officials, wholly unfounded.

"Great delay in the prosecution or adjustment of said claim was caused by the said Provincial Secretary corruptly, and improperly endeavouring to

obtain in the meantime a letter or document from the said Taylor withdrawing all charges made by the said Taylor in the premises.

"In November, 1911, after the then approaching General Elections were announced, the said George C. Taylor insisted on said claim being disposed of before the elections, again making use of the same arguments on which the said fiat was granted. On the strength whereof he succeeded, through the said the having the claim referred to the said L. E. C. Thorne, as sole referee, without appeal, his award to be made within 30 days from said date, and the amount found to be due paid within 60 days from said date.

"The said referee was appointed on Saturday, November 18th, 1911, at 4 p.m. He made an award on the 24th of said month, without taking evidence, whereby he found the said firm entitled to \$21,068.03. This sum was paid on January 17th, 1912. The said referee was paid \$500.00 by the Province, and \$750.00 by said firm for his services.

"I charge the said Hon. William J. Hanna and Sir James Pliny Whitney with illegally, corruptly and improperly causing the issue of said fiat, and entering into the agreement to refer the said claim to the award of the said Thorne, and I ask for the appointment of a Royal Commission to investigate the conduct of the said parties in connection with the Taylor, Scott and Co. claim, and the statements and transactions hereinbefore detailed.

"I further charge that the actions of the said the Hon. Sir James Pliny Whitney and Hon. W. J. Hanna, whilst respectively being Premier and Provincial Secretary, in connection with the said contract and adjustment thereof, the granting of the fiat and the settlement of arbitration and payment of the amount awarded together with the demand for and acceptance of the said sum of \$500.00 by the said W. J. Hanna in manner and for the purposes above set forth, are and were unlawful, corrupt and improper acts on the part of the said the Hon. Sir James Pliny Whitney and the Hon. W. J. Hanna, and that the same are contrary to the law and practice of Parliament and of this Legislative Assembly, and are subversive of good government and the due and proper administration of the public affairs of this Province.

(Signed) W. PROUDFOOT."

THE CHAIRMAN: I presume, Mr. Proudfoot, that you will be prepared to go on at a very early date, if not to-day?

MR. PROUDFOOT: What I would like to know, Mr. Chairman, is, whether the usual custom will be followed in this matter by counsel being present to represent the parties? I desire so far as I am concerned to have counsel.

THE CHAIRMAN: I suppose there can be no objection raised to that. If Mr. Proudfoot desires to be represented here by counsel, I think that is a

privilege that the Committee should accord him, so that I take it for granted that the Committee will concur in the Chairman's suggestion or ruling that you be permitted to have counsel appear for you here.

MR. EILBER: Will that apply to both parties?

THE CHAIRMAN: I was going to suggest that if Mr. Proudfoot has counsel retained here to represent his views in the matter, it would assist the Committee materially and no doubt expedite the whole investigation if counsel were retained to present the other view of the question, so that largely the labour will be taken off the shoulders of the Members of the Committee themselves, and the whole matter will be got through much more quickly and much more satisfactorily. If you will suggest, Mr. Proudfoot, whom you want I will ask the Committee to pass a resolution.

MR. PROUDFOOT: All I desire at present is to have a resolution passed that I may appear by counsel. Counsel is not engaged but will be this afternoon. I am not prepared at the present moment to hand in the name, but I do not suppose that is very important?

THE CHAIRMAN: No.

MR. PROUDFOOT: I will have counsel, and probably assistant counsel.

THE CHAIRMAN: I take it then that what I have said meets with the approval of the Committee, that we permit Mr. Proudfoot to retain counsel and an assistant counsel, and on the other hand, as I said, to represent the other view of the question, we also—the Committee—retain a counsel and an assistant, if they see fit. I take it for granted, gentlemen, that that meets with your approval? Carried.

MR. PROUDFOOT: Then you asked me a question, Mr. Chairman, about when we would be ready to go on. There is a motion which will be moved and seconded by members of the Committee, asking for the production of certain papers. If these papers are available to-morrow so that counsel can go over them, we will be prepared to go on early in the week. You cannot expect counsel to take hold of this mass of material without preparation.

THE CHAIRMAN: No. I rather assumed that the matter had been carefully considered and the case well gone into already and that you would be prepared to go on earlier than that. However, I have not any desire to hurry you unduly, at the expense of your case or to the detriment of your presentation of your case. Will Monday suit you? I want to fix the day if I can.

MR. EILBER: Tuesday.

THE CHAIRMAN: You would not be ready to go on on Saturday?

MR. PROUDFOOT: Oh no, we could not. There is only to-morrow meantime.

THE CHAIRMAN: Then how would Monday do?

MR. PROUDFOOT: I heard some Members suggest Tuesday.

MR. JAMIESON: We cannot get back here on Monday. We can get back on Tuesday.

THE CHAIRMAN: My anxiety is this; I do not know how long this matter will drag out and the House meets a week from Tuesday. If we meet next Tuesday that only gives us four days next week. The matter has to be gone thoroughly into and given careful consideration; it is a thing that we cannot hurry, and I am anxious that you should have every opportunity to examine every document and every witness that you bring here.

MR. JAMIESON: I would suggest Tuesday morning.

THE CHAIRMAN: If that meets with the approval of the Committee and you think you cannot be ready before that, we will say Tuesday.

MR. PROUDFOOT: We might be ready on Monday afternoon, but I fancy the Committee prefers Tuesday morning, and I do not suppose much would be gained by going on on Monday afternoon. Tuesday morning we will be ready.

THE CHAIRMAN: Then perhaps someone will move that?

MR. McKEOWN: I would move, in view of what Mr. Proudfoot has said and for the purpose of giving him every opportunity of getting his case in the best shape he can, that the Committee meet again on Tuesday morning at ten o'clock; that is that when we adjourn we shall adjourn until ten o'clock on Tuesday morning.

MR. LENNOX: Ten thirty would be better because the trains do not get in until ten.

MR. BOWMAN: I have a motion that I wish to present before we adjourn.

THE CHAIRMAN: This is not a motion to adjourn.

MR. McKEOWN: Some of the Members say ten-thirty and some eleven. It seems to me that we will have to come to Toronto the night before. I suggest ten o'clock on Tuesday morning.

THE CHAIRMAN: I will tell you what it means, gentlemen; we will have all day sessions and some night sessions if we do not get to work early.

It has been moved by Mr. McKeown that when the Committee adjourn to-day it will adjourn until Tuesday morning at ten o'clock. Does that meet with your approval? Carried.

I have here a motion :

Moved by Mr. Bowman, and seconded by Mr. Munro,

That there be forthwith produced and filed with the Clerk of the Committee for the inspection and examination of any member of the Committee or of the parties or counsel represented in the proceedings before the Committee all books, papers, documents, correspondence, telegrams, vouchers, cheques and other memoranda in the custody or possession of:—

1. Secretary of the Public Accounts Committee of the House;
2. The Department of the Provincial Secretary;
3. The Department of the Attorney-General;
4. The Office of the Prime Minister;
5. The Officials of the Central Prison;
6. Any Department of the Government or Government Institution.
7. Solicitors and counsel for the Government in the Taylor, Scott dispute;

in reference to

- (a) The contract between Taylor, Scott and Co. and the Government.
- (b) The claim made by Taylor, Scott and Co. under the said contract;
- (c) The application by Taylor, Scott and Company for a fiat, and the granting thereof.
- (d) The proceedings in the action of Taylor, Scott and Co. against the Crown.
- (e) The agreement for submission to arbitration, and the award thereon and all papers connected therewith.
- (f) All payments made by the Government to Taylor, Scott and Company; or by Taylor, Scott and Co. to the Government during the currency of the said contract, and up to and including the final settlement.

“Also all books, papers and documents relating to the coal tenders and contracts and tenders and contracts for self-feeding stokers in the Department of the Provincial Secretary; from January 1st, 1905, to January 1st, 1913; and all books, papers, documents, receipts, vouchers, cheques, and other memoranda of every nature and kind in any Department of the Government relating to any of the matters aforesaid.”

THE CHAIRMAN: I think we can take it for granted that that is carried. But, Mr. Bowman, you here speak of “Any department of the Government or institution.” Do you mean public institution? Some official will come and ask me afterwards what it means.

MR. BOWMAN: That is in connection with paragraph 6. That should be any Department of the Government, “or Government institution.”

THE CHAIRMAN: I will insert the word, “Government” before “institution.” Can you fix any period that this should cover? Is it just during the

currency of the Taylor, Scott contract? It speaks of all papers and documents relating to coal tenders and contracts and tenders and contracts for self-feeding stokers. That covers all time past. If you can fix a time limit within which you will require these papers it will assist in getting them.

MR. BOWMAN: I think that will be made clear, from the first of January, 1905, to the first of January, 1913.

THE CHAIRMAN: Then we will read this: "All papers and documents relating to the coal tenders and contracts and tenders and contracts for self-feeding stokers in the Department of the Provincial Secretary from January 1st, 1905, to January 1st, 1913." I will insert that. I declare the motion carried.

MR. PROUDFOOT: I suppose, Mr. Chairman, a large number of the papers covered by this motion are readily available and can be gone over by counsel at say two o'clock to-morrow?

THE CHAIRMAN: I will endeavor to arrange that.

MR. PROUDFOOT: If you will tell me where they will be and if they will be ready at that time, then we will attend at that time and examine what are already on hand.

THE CHAIRMAN: If you will tell me where I may find you I will let you know at the earliest possible time.

MR. PROUDFOOT: We will attend on the Clerk of this Committee. It will be convenient I presume to have the papers with him? If that will be convenient to the Clerk and the papers will be in his office at that time I will now make an appointment with him for two o'clock to-morrow.

THE CHAIRMAN: I will endeavor to meet your wishes in that matter as far as possible.

MR. PROUDFOOT: Will you telephone me?

THE CHAIRMAN: Yes, I will see that you get a message, Mr. Proudfoot. I do not know what all this means in the way of searching for papers.

MR. PROUDFOOT: The reason I mention it is that there are quite a number of them available.

THE CHAIRMAN: Those that have been before the Public Accounts Committee are available to you at any time, but as to the other papers that have to be looked up I cannot undertake to say exactly, although I will say that we will use every effort to have everything available for you that is possible at two o'clock to-morrow.

MR. PROUDFOOT: Will you telephone me if that will suit?

THE CHAIRMAN: I will be glad to communicate with you, as I always am. Is there anything further?

MR. PROUDFOOT: Just one other matter. I presume that I will give the names of the witnesses who will be heard to the Clerk, and he will see to their being summoned?

THE CHAIRMAN: There is this to be said about it; the Committee have the authority to direct the summoning of witnesses, not the Chairman or the Clerk. I was just going to suggest to you that if you want any witnesses summoned you should give us the names and addresses of them now and we will see that they are here at the next meeting.

MR. PROUDFOOT: I am not prepared to give the names of all the witnesses. I thought if you passed a resolution leaving it in the hands of the Chairman and the Clerk to summon the witnesses whose names are handed in, that that would cover the point.

THE CHAIRMAN: No doubt you can give us the names of some; it is self evident that some of the witnesses must be and we can get enough witnesses to keep us busy on Tuesday. You can no doubt give us the names of several witnesses that we can have here. It is not necessary for you to give us a complete list. I presume, Mr. Bowman, that you have several copies of that Resolution in reference to papers? If you will give me several copies I can give them to the different Departments so that they may know exactly what they have to produce.

MR. BOWMAN: Here are two.

MR. PROUDFOOT: I would prefer, Mr. Chairman, if you can arrange it so that I will give you the names at two o'clock to-morrow.

THE CHAIRMAN: It entirely remains with the Committee. They are the people who have the authority to summon witnesses, as I understand it, and without authority from them I would not have authority, that is all.

MR. PROUDFOOT: I suggest that you take general authority from the Committee to arrange for the summoning of witnesses.

THE CHAIRMAN: At all times, to arrange for the summoning of witnesses.

MR. PROUDFOOT: Yes. I will hand in the names. I want them in a certain order.

THE CHAIRMAN: Do you propose that I shall sit here in Toronto continuously?

MR. PROUDFOOT: No, I do not want to put you to any inconvenience. I suggest that the matter be left to the Clerk. I knew you would want to go home. If he has the authority it will answer my purpose just as well.

THE CHAIRMAN: It remains with the Committee, gentlemen, whether you retain within yourselves the authority to direct the summoning of witnesses or delegate it to myself to direct the Clerk from time to time.

MR. EILBER: I think we should have the names of the witnesses now.

MR. HARTT: I do not think the Clerk would want the responsibility of sending for witnesses.

THE CHAIRMAN: It should not be delegated to the Clerk. It would have to be delegated to the Chairman, if anybody, and I direct the Clerk.

MR. LENNOX: Can that be done?

THE CHAIRMAN: I am not sure whether it can be or not.

MR. LENNOX: I thought the reason for leaving it with the Committee was, that they would know whether it was necessary to summon witnesses or not.

THE CHAIRMAN: Exactly. That is the purpose of the procedure. The authority is vested in the Committee entirely as I understand the procedure. Whether they have a right to delegate that or not is something that I am not at all sure of. In fact I am very doubtful about it.

MR. MUNRO: I think the majority of the Committee have confidence enough in you, Mr. Chairman, to delegate that authority to you.

MR. LENNOX: That is not the point.

MR. McKEOWN: If the authority has been delegated to the Chairman, much as we have confidence in the Chairman, we are going to get into difficulties possibly; there would be no record kept of what the Chairman has been instructed, or who he has been instructed to summon, and possibly there will be some difficulty arise between Mr. Proudfoot and the Chairman and the morning will come and certain witnesses not here and a difference of opinion between the Chairman and Mr. Proudfoot as to whether someone has to be here or not. If we have a record of the proceedings of the Committee, kept by the Secretary and showing what witnesses are to be summoned, that record will be an answer to any dispute that might arise as to whether the proper people are here or not. Now, if Mr. Proudfoot will give us an intimation as to three or four witnesses that he can go on with on Tuesday, we will be only too glad to extend to him, I am sure, the privilege of renewing his application every day until he gets all the witnesses here.

MR. BREWSTER: Supposing a witness refuses to attend on your summons, Mr. Chairman? As I understand the Resolution it says the Committee have power to summon witnesses.

THE CHAIRMAN: That is the point.

MR. LENNOX: The witnesses might not be compellable.

THE CHAIRMAN: I have no desire to assume responsibility that I am not called upon to assume, or to take action that perhaps would be abortive entirely. I might not be able to enforce the authority I had assumed.

MR. LENNOX: What reason is there for not going on in the usual way? Mr. Proudfoot has not offered any reason that I have heard yet.

MR. MCCREA: It should all go down as a matter of record, which it would not be if delegated to the Chairman.

MR. PROUDFOOT: The reason is simply this; I want to go over the witnesses with counsel and let counsel decide in what order they shall be called.

MR. MCGARRY: That is only a question of order. We will summon them all to-day.

THE CHAIRMAN: Supposing we do summon unnecessary witnesses and you do not choose to call them, it is important, I think, in a proceeding of this kind that everything should go upon the record, the names of the witnesses and the direction of the Committee to summon them, and all that sort of thing. If the Committee assume to delegate to me the right to summon witnesses and you ask me to summon people and they refuse to attend, there would be no record of any such thing as that.

MR. LENNOX: It would be absolutely irregular.

MR. MCGARRY: I think, Mr. Chairman, we are proceeding a little irregularly as compared with the methods of procedure adopted in the Tarte-McGreevy Investigation at Ottawa and other investigations that I have had time to read. In the first case I have mentioned Mr. Tarte was obliged to name his counsel before that counsel had any status before the Committee. The same with Sir Hector Langevin; each one had to name his counsel and then the Committee ordered counsel to be heard before the Committee. I think it is necessary that counsel shall be named before they can be heard before the Committee, and it is necessary also before counsel can see any of the papers. I think my honorable friend should name his counsel and that we should then pass a resolution authorizing that counsel to be heard. I am not saying this with any idea of rushing my honourable friend, because I know he wants an opportunity for consultation, but if we are to proceed regularly, according to the records of the different cases that are reported both in the Dominion House

and anywhere else, I notice that the counsel have always been named and authorized to appear by a resolution of the Committee.

MR. ELLIOTT: Mr. Chairman, if I may be permitted a word, it seems to me that the Committee will readily see the difficulty of naming counsel before counsel has been retained; not merely the difficulty but the absolute impossibility of it. Also the impossibility or the inexpediency at any rate of one who is to be represented by counsel taking upon himself, before going over the documents and consulting with counsel, to name the witnesses. It seems to me that if there is not authority in the Committee to delegate to the Chairman the power to summon the witnesses whose names shall be handed to him by Mr. Proudfoot, that the proper course would be—and I believe that is the usual course—for the Committee to meet first and organize and then the arrangements to be made about counsel; at least to meet first and organize and produce such papers as are thought to be necessary to enable counsel to look them over and then give a list of the witnesses.

THE CHAIRMAN: That is what we have done to-day; we have met and organized and we have got a resolution asking for the production of papers. We are now asking what witnesses and what counsel are to appear.

MR. PROUDFOOT: My honourable friend has mentioned the McGreevy case. I have some notes of what took place there, and I find it stated that, "Mr. Clark should, after examining the papers moved for, give the Chairman the names of some of the witnesses whom he proposes to call, and that the Committee should sit again as soon as the witnesses are present, which was agreed to." That is taken from the record.

MR. MCGARRY: But the record shows that Mr. Duff named his counsel.

MR. PROUDFOOT: Quite true.

MR. MCGARRY: Before the counsel had any status either with the papers or the Committee. It is all right for you to examine the papers, but it would not do for counsel to come up here to-morrow and take possession of the papers until he is named.

MR. PROUDFOOT: I would be with him.

MR. BOWMAN: Mr. Proudfoot cannot name his counsel at this moment, but I should think it would be sufficient that before his counsel has access to the papers his names shall be submitted to the Chairman of the Committee.

MR. MCGARRY: I have no objection to counsel seeing the papers, but in the other cases that have occurred counsel has always been named before he had any status before the Committee. I can see your difficulty, Mr. Proudfoot, but I do not see how we can pass a blanket resolution to give counsel status.

MR. PROUDFOOT: In examining the papers counsel will be with me.

MR. MCGARRY: That is all right, I have no objection to that, but we have to pass another resolution, I think, naming your counsel before they will have any status before the Committee.

MR. PROUDFOOT: That is before examining witnesses. I am quite satisfied as to that. I presume you are in the same position; you are not prepared to name your counsel to-day, and if it is necessary for me to name mine I presume it is necessary for counsel for the other side to be named?

THE CHAIRMAN: Certainly.

MR. PROUDFOOT: I do not know whether you are prepared or not. The position is that I am not prepared this afternoon.

MR. McKEOWN: Are you prepared to name any witnesses this afternoon so that the Committee can issue subpœnaes for them?

MR. PROUDFOOT: I can name some.

MR. McKEOWN: Because if no witnesses are subpœnaed we will come back on Tuesday with nothing to do.

MR. PROUDFOOT: That was not my intention. My intention was to give the names of the witnesses to-morrow, when we examine the papers, so that the witnesses could be examined. I have not any desire to come here on Tuesday and have nothing for the Committee to do, I can assure you.

THE CHAIRMAN: I quite understand that, but I see the difficulty of that, Mr. Proudfoot. We might better summon unnecessary witnesses than delegate authority or attempt to delegate authority when we have not the right to delegate it. After counsel have seen the witnesses and you have seen them yourself, if you do not desire to call them there will be no object in calling them.

MR. MCGARRY: If you will name a list of witnesses we could now authorize the Chairman to subpœna all the witnesses or such of them as you may choose. After you have seen your counsel if you can give us a complete list we can then go on without delay.

MR. ELLIOTT: Mr. Chairman, how would this suggestion meet the views of the Committee, that we meet to-morrow at some hour after there is an opportunity of examining the papers?

MR. LENNOX: We are all going home.

MR. MCGARRY: If Mr. Proudfoot will give the whole list to the Chairman, then Mr. Proudfoot can pick out to-morrow those he wants.

MR. ELLIOTT: We might meet at some time to-morrow. The session would not need to be long at all. Such a time to-morrow as Mr. Proudfoot

would think he would be in a position to give us a list of the witnesses and the names of his counsel, if there is any doubt about the regularity.

THE CHAIRMAN: I would be perfectly willing. The difficulty would be about getting the Committee together to-morrow.

MR. ELLIOTT: I suppose if there were a quorum present that is all that would be necessary. I know everybody may object to remaining the extra day, but I suppose that is the only way we can do it.

MR. McKEOWN: It is not the only way we can do it.

MR. PROUDFOOT: Mr. Chairman, while what my honourable friend suggests would be very satisfactory to me personally, I can quite appreciate the fact that to a great many of the Members of the Committee it would be highly inconvenient to be here to-morrow and there might be a difficulty about getting a quorum. I will give you the names of several of the witnesses so that we may obviate the necessity of the Committee coming here to-morrow.

THE CHAIRMAN: I think that is the better course.

MR. PROUDFOOT: Then I shall want Mr. Armstrong. Will you take the names?

THE CHAIRMAN: State the names and you can put it in the form of a motion afterwards. Mr. Armstrong, the Assistant Provincial Secretary?

MR. PROUDFOOT: Yes.

THE CHAIRMAN: That is Mr. S. A. Armstrong.

MR. PROUDFOOT: Then I want Mr. Postlethwaite, but I understand he is away.

MR. LENNOX: He is in New York, is he not?

MR. ARMSTRONG: He is in Calgary.

MR. PROUDFOOT: I understand he is ill, but I did not know that until a few moments ago. Who in the Department has taken up his work, Mr. Armstrong, and could produce the papers which were in his possession?

MR. ARMSTRONG: Well, I would undertake probably to produce any papers that you want in the Department that it is possible for us to get our hands on. His successor is Mr. Dunlop.

MR. PROUDFOOT: Then probably you had better take Mr. Dunlop's name. What is his first name?

MR. ARMSTRONG: W. W.

MR. PROUDFOOT: J. R. Cartwright. My friend has a formal motion ready now.

THE CHAIRMAN: We have this in proper form now I think.

It is moved by Mr. Bowman, seconded by Mr. Marshall,

That the following be subpoenaed to appear before the Committee at its next meeting: Messrs. S. A. Armstrong, W. W. Dunlop, J. R. Cartwright, George C. Taylor, L. E. C. Thorne. Carried.

MR. PROUDFOOT: Mr. Chairman, I will let you know to-morrow which ones of those witnesses I wish summoned for Tuesday. I am merely giving you the names now.

MR. MCGARRY: Here is the record with reference to the Tarte Investigation. The first day they met was on February 15th. On motion of Sir John Thompson a Chairman was appointed. Then a resolution was passed with reference to the employment of a stenographer. Then the Chairman being asked whether any of the parties affected were desirous of being heard by counsel, Mr. Tarte handed in the name of C. A. Geoffrion as his counsel. It was then ordered that Mr. Tarte be heard before the Committee by Mr. C. A. Geoffrion. Then certain papers were moved for and it was decided that the papers could be inspected at the office of the Clerk of the Committee by Mr. Tarte and his counsel, Mr. Geoffrion.

The only reason I suggest that it is necessary to have the names of the counsel before the Committee is that the records show that before the other counsel in that case were heard they had to be named also. The Committee should proceed regularly. You cannot name them to-day, but it is with reference to the papers; they would not have any status to examine the papers.

MR. PROUDFOOT: I presume, Mr. Chairman, that I would have the right to examine the papers, and I could bring the gentlemen with me to assist me in examining them, which would cover the ground.

MR. MCGARRY: I would move that Mr. Proudfoot be allowed to examine the papers in the hands of the Clerk so as to remove any doubt on that point. I think it is right that he should have that opportunity.

MR. PROUDFOOT: With such assistance as I may desire?

MR. MCGARRY: I suppose that goes without saying. You would be allowed to examine them.

THE CHAIRMAN: Cannot you put it this way, that Mr. Proudfoot with his counsel be allowed to examine the papers. I think that is already covered by

the resolution we have here, gentlemen, and it is understood that Mr. Proudfoot be allowed to examine the papers along with his counsel to-morrow at two o'clock. Meantime I suppose Mr. Proudfoot, you can let me have the names of counsel?

MR. PROUDFOOT: I will let you know before two o'clock.

THE CHAIRMAN: So that I will acquaint the Clerk with who it is.

MR. PROUDFOOT: Then what about the counsel for the other side?

THE CHAIRMAN: I presume they will do the same thing.

MR. McKEOWN: If they want to examine any papers they will have to be in the same position.

THE CHAIRMAN: If I have the name of the counsel who is to represent the other side of the issue, what I purpose doing is considering this matter and reporting it, and I will be in a position to tell you to-morrow. I purpose asking them to allow us to appoint counsel to present the other side of the question before the Committee so that we will have both sides of it fairly represented. I will be able to give you the name of counsel to-morrow.

MR. PROUDFOOT: That is satisfactory.

THE CHAIRMAN: Is that all that is to be done to-day?

MR. LENNOX: I move that we adjourn.

THE CHAIRMAN: Order, wait a moment.

MR. PROUDFOOT: Upon examining into the matter I intended mentioning, I think it is not necessary; I think you have covered everything, Mr. Chairman.

THE CHAIRMAN: We will adjourn then until Tuesday at ten o'clock.

At 5 p.m. Thursday, 24th April, adjourned to 10 a.m. on Tuesday, 29th April, 1913.

BEFORE THE COMMITTEE ON PRIVILEGES AND ELECTIONS.

Toronto, Tuesday, April 29th, 1913.

Reception Room, Parliament Bldgs., 10 a.m.

Present:—Mr. G. Howard Ferguson, Chairman; Messieurs Armstrong, Black, Bowman, Brewster, Devitt, Eilber, Elliott, Ferguson (Simcoe), Galna, Grant, Hartt, Jamieson, Jessop, Lennox, Marshall, Mathieu, Morel, Munro, McCrea, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Ross, Shillington, Vrooman, Whitesides.

Counsel:—Mr. H. H. Dewart, K.C., and Mr. W. J. Elliot, appear for Mr. Proudfoot; Hon. Wallace Nesbitt, K.C., and Mr. W. M. Ferguson, for the Hon. Sir James Whitney and Hon. Mr. Hanna.

THE CHAIRMAN: Order, gentlemen, if you please. The Clerk will call the roll.

The roll having been called:

THE CHAIRMAN: Gentlemen, before opening the proceedings there is one little matter I want to mention to the Committee. I had the reporter strike off twenty odd copies of the evidence. Of course that is not enough to supply each Member of the Committee with a copy. If it is desirable that every Member should have a copy I would like the instruction of the Committee to have this done, and it will be done from this time forth. If the Committee think that every Member should be furnished with a copy of the evidence and record of the proceedings, as well as the counsel and others connected with the case, I will have that done.

Various Members: Carried.

THE CHAIRMAN: Very well then, that will be the procedure hereafter. I presume, Mr. Proudfoot, that you are ready to go on this morning?

MR. BOWMAN: It is necessary to correct the record of the other day regarding that little matter I mentioned to you, Mr. Chairman.

THE CHAIRMAN: Yes, perhaps I had better mention that now. On reference to the record you will see what occurred the other day when Mr. Proudfoot asked the privilege of retaining counsel and it was accorded him. I had in mind the procedure as I understand it that has been followed on other similar occasions, where the Committee retained counsel to investigate the whole matter and elucidate both sides of the question. But of course it was a privilege that the Committee saw fit to accord Mr. Proudfoot, and at the moment I thought then that the Committee should retain counsel to see that both sides of the case were properly presented, and that nothing would be undone to see

that the proper evidence was brought out from every point of view. Since that time Sir James Whitney and Mr. Hanna have retained counsel, so I have not thought it necessary that the Committee should retain anybody, as in this way we will get out both sides of it and no doubt it will be sifted to the bottom. I understand, Mr. Proudfoot, you have counsel appearing for you to-day.

MR. DEWART: I appear for Mr. Proudfoot with my learned friend Mr. Elliott.

THE CHAIRMAN: Mr. Dewart and Mr. W. J. Elliott; and Mr. Nesbitt and Mr. W. N. Ferguson appear for Sir James Whitney and Mr. Hanna. Are you ready to go on, Mr. Dewart?

MR. DEWART: Yes, Mr. Chairman. I take it that the formal charge has been put in at the last meeting, from this copy of the proceedings that has just been handed to me?

THE CHAIRMAN: Yes.

MR. DEWART: We desire, in the first place, Mr. Chairman, to formally prove some documents that may be important in connection with the investigation. Perhaps it may be convenient to get them in first?

THE CHAIRMAN: Yes.

MR. DEWART: Then I will call Mr. Armstrong, the Assistant Provincial Secretary.

THE CHAIRMAN: I will ask you to speak pretty loudly, Mr. Armstrong, so that the Committee may all hear.

- SAMUEL ALLAN ARMSTRONG, sworn. Examined by MR. DEWART:—

Q.—You are the Assistant Provincial Secretary for the Province of Ontario, Mr. Armstrong? A.—I am.

Q.—How long have you acted in that capacity? A.—Since about 1909.

Q.—As such officer have you in your custody the original contract between the Inspector of Prisons and Asylums and the Taylor-Scott Company with reference to the woodworking industry of the Central Prison? A.—No, I have not.

Q.—Do you know where you can get that? A.—No, we have searched for it and have not succeeded in getting it.

Q.—Is the original contract lost? A.—No, I think it was handed to Mr. Stewart, who was counsel for the Government in the litigation, and in some way or other it has become mislaid.

Q.—Have you made any effort to find it? A.—Yes.

Q.—Is it the only paper that is so mislaid? A.—No, there are a number of others.

Q.—Can you give me any idea as to what papers are mislaid or missing? A.—No, I cannot. Some of the correspondence that the Inspector had with the Prison is also mislaid. All this correspondence was handed over to counsel at the time, I believe.

Q.—Handed over to Mr. Stewart? A.—Yes.

Q.—Could you at all indicate to what extent correspondence of importance in this matter is missing? A.—No, I cannot.

Q.—There are a number of letters that after looking at some of the papers appear to be of importance, of which a list was given, and which appear not to be forthcoming. There is a letter from the Taylor-Scott Company to the Warden of the Central Prison about February 8th, 1906. That would be in the same position as these other documents? A.—I am unable to find that. I have here the file of the Central Prison. Mr. Wilkinson called my attention to that letter yesterday, and I am unable to locate it in the correspondence.

Q.—Then there is a letter that I see referred to in a subsequent letter from the same firm to the Provincial Secretary of the 19th of July, 1908. They refer to a letter of 9th July, '07, from the firm to the Provincial Secretary. Have you been able to find that letter?

A.—No, I have not.

THE CHAIRMAN: Perhaps I am at fault, but I suppose you desire the witness sworn?

MR. DEWART: I beg pardon. I presumed perhaps on that.

(The witness is sworn.)

Q.—I take it that now, having been duly sworn, you confirm what you have already stated this morning?

A.—I do.

Q.—Then you say so far as that letter of the 9th of July, '07 is concerned you are unable to locate that either?

A.—Yes.

Q.—There is another letter of the 9th of July, 1910, from the Inspector of Prisons and Asylums to the Taylor-Scott firm. Can you produce that?

A.—No, we cannot. It is evidently amongst the correspondence that has been mislaid.

Q.—Then there is a letter of the 27th of January, 1911, from the Taylor Scott firm to the Warden of the Central Prison. Have you that?

A.—What date was that, sir?

Q.—The 27th of January, 1911?

A.—I gave a copy of that.

Q.—The original?

A.—A copy from the Warden.

Q.—A copy of the letter; you are quite right; you gave a copy of a letter from the firm to the Warden of the 27th of January, 1911. Can you speak as to the original? Is that amongst the Stewart missing papers?

A.—No, I copied that from a copy. That was the best I could do.

Q.—Can you yourself speak as to the accuracy of that?

A.—I cannot.

Q.—Can you tell me whether there was at any time attached to that letter any document showing the details of the five heads under which a claim was made? Have you the letter before you, Mr. Armstrong?

A.—No.

Q.—Perhaps you will look at my brief. This is the copy I got from you yesterday.

A.—I don't think there was anything went in with that. Are you referring to a statement of \$19,000, the total?

Q.—No, I am not referring to that. That is a subsequent letter of February.

A.—There was not a letter with that. I don't think so.

Q.—That would be during the period of your incumbency of office and you would probably recollect that as one of the first specified amounts that was claimed?

A.—Yes, these papers came to me.

Q.—And this copy is produced from your files as being what you kept when the original was apparently handed over?

A.—Evidently—I really cannot recall where the copy came from—but it is amongst our records.

Q.—Then I find a reference in the file that comes from the Attorney General's Department to a letter in March of 1911, I cannot give you the date, from Mr. J. D. Montgomery or his firm, to the Honourable the Provincial Secretary.

A.—Was that not to the Attorney-General?

Q.—I think not, Mr. Armstrong. It is a letter referred to in a letter of the Honorable Mr. Hanna, of the 29th March, 1911, to Mr. Montgomery. "Thanks for your personal letter enclosing communication herein to Mr. Cartwright." That is to the Attorney General. You do not produce that letter? I presume because it is personal.

A.—I presume so. I have never seen that letter.

Q.—Then had you anything to do with the progress of the action upon petition of right and the proceedings in that action, or was that handed over to the Attorney General's Department?

A.—Nothing more than in a formal way the petition came to the Department and was handed to the Attorney General's Department.

Q.—There was a demand for particulars made on behalf of the Crown. That would be in the Provincial Secretary's Department and I cannot find that amongst any papers that were returned. You have not got a copy of that?

A.—I have never seen that. The only document I have is the one already on file, seemingly a copy of something.

Q.—Have you made any effort to find these papers or to trace them from Mr. Stewart's custody?

A.—Yes, I have. Mr. Stewart's statement is to the effect that these papers were handed over to Mr. Thorne. Mr. Thorne says he handed them back to Mr. Stewart, and Mr. Stewart, I believe, is under the impression that

he handed them to the Department. In the various transfers they have become mislaid in some way or other so that I have never seen them since.

Q.—When did you discuss the matter with Mr. Thorne to see if he had the papers?

A.—That would be immediately after the award. I think I telephoned him and asked him for the papers.

Q.—Being anxious to get them back?

A.—We wanted our records complete.

Q.—I spoke to Mr. Wilkinson yesterday about producing the proclamation showing the issue of the election writs in the latter part of 1911. Do you produce that?

MR. WILKINSON: Here is the Gazette. Here is 1911.

MR. DEWART: This is the votes and proceedings. I will put this in as an exhibit.

THE CHAIRMAN: I fancy you can get ample evidence here that there was an election in 1911.

MR. DEWART: I want official evidence of the fact. This is the Ontario Gazette for 1911. Mr. Wilkinson, could you also get me the Gazette for 1908 showing the issue of the writs for 1908, or have someone get it?

MR. WILKINSON: Yes.

MR. NESBITT: Cannot we agree on the date?

THE CHAIRMAN: Yes, surely you can agree on those dates.

MR. NESBITT: We need not lose time about that.

MR. DEWART: I just want to get the particular number that refers to the issue of the writs, that is all. Do you remember the date of that, Mr. Armstrong?

A.—About December 6th, was it not?

Q.—Was it not about December 11th, 1911? That is my recollection, but I was trying to see if I could find the notice.

A.—You want the dissolution?

Q.—Yes, please. The date of the proclamation.

A.—The 7th of November, 1911, that is the date of the proclamation.

Q.—The 7th of November, 1911?

A.—Hold on, no, I beg pardon. The 13th of November.

Q.—The date of the proclamation dissolving Parliament was the 13th of November, 1911, calling for an election on Monday the 11th of December. Then while that letter is coming we will complete this. I see from this that the House met in 1911 on the 24th of January, 1911. These are the books of proceedings. This will be correct, the 24th of January, 1911, and apparently

dissolved on the 24th of March, 1911. That is right, is it, Mr. Armstrong? I want you to look at this so that you may check it with me.

A.—Well, I assume that is correct, yes.

Q.—I simply want it on the record so that there will be no question about it.

THE CHAIRMAN: Now you want the record for 1908. We have sent up for it.

MR. DEWART: The date of the proclamation and the date when the election was held in 1908.

Q.—Are there any papers that you do produce, Mr. Armstrong?

A.—I produce the file of the Central Prison; the Warden's file containing correspondence between the Department and the Warden and between the Warden and Taylor, Scott & Co. These are the letters about other matters.

Q.—Those do not relate particularly to this matter?

A.—No.

Q.—I presume those may be left to be looked over?

THE CHAIRMAN: They will be with the Secretary of the Committee.

MR. DEWART: Then the papers produced by Mr. Armstrong are what?

A.—I think they are arranged in chronological order now.

Q.—First a letter from Taylor Scott & Co. to the Warden of July 6th, 1910.

THE CHAIRMAN: Cannot you put these in as one exhibit?

MR. DEWART: I was only anxious to see if we could check them if you do not mind me taking the time to do that.

THE CHAIRMAN: No, of course not.

MR. NESBITT: Between what dates are they?

MR. DEWART: Between the 6th of July, 1910, and the 2nd of June, 1911.

A copy of a letter from the Warden to the Taylor Scott firm dated 7th July, 1910.

The first one is from the Taylor Scott firm to the Warden under date of 6th July, 1910.

Then a copy of a letter from the Warden to the Taylor Scott firm of the 7th of July, 1910.

A copy of a letter from the Warden to the Inspector, 8th July, 1910.

Copy of a letter from the Warden to the Taylor Scott firm 8th July, 1910.

Copy of a letter from the Warden to the Honourable Mr. Hanna, 1st of September, 1910.

Original letter of the Honourable Mr. Hanna to the Warden, September 24th, 1910.

Copy of a letter from the Warden to the Taylor Scott firm 8th December, 1910.

Original letter from the Taylor Scott firm to the Warden December 15th, 1910.

Copy of a letter from the Warden to the Honourable Mr. Hanna, 19th December, 1910, enclosing correspondence with the Taylor Scott firm.

Copy letter from the Warden to the Taylor Scott firm, 30th December, 1910.

Original letter from the Taylor Scott firm to the Warden, January 13th, 1911.

Original letter from the Taylor Scott firm to the Warden, 5th April, 1911.

Q.—This next one really does not affect this file, does it, Mr. Armstrong?

A.—No, it was on the Warden's file though. It has not any bearing.

Then copy of a letter from the Warden to the Honourable Mr. Hanna, June 17th, 1911.

Copy of a letter from the Warden to the Assistant Provincial Secretary, 10th April, 1911.

A copy of a letter from the Warden to the Honourable Mr. Hanna, June 2nd, 1911.

I presume those will go in as one exhibit, Mr. Chairman.

THE CHAIRMAN: Yes, they will be *Exhibit 1*.

MR. DEWART: Is there any other file that you put in from the Department?

A.—Well, we have put in all these. These are coal tenders, underfeed stoker tenders, and we have here certain memoranda relating to the Taylor Scott contract. And these (books) all relate to tenders.

Q.—What is the loose bundle?

A.—Tenders.

Q.—Relates to tenders for what?

A.—Coal and underfeed stokers.

Q.—Does that bundle contain more than the tenders? I mean to say, does it contain the correspondence relating to the tenders?

A.—The advertising and all the rest pertaining to—

Q.—Does it contain the correspondence that may have transpired between the Department relating to the tenders? Looking over it yesterday I thought it did not.

A.—No, I think you are probably right.

Q.—Does it contain the contracts that were let?

A.—Some of them do.

Q.—But not all the contracts?

A.—No, some of these files are imperfect. Unfortunately two of the men who had charge of this work in making the entries of the Department, are dead.

Q.—You refer to whom?

A.—I refer to Mr. Mann and Mr. Lebrun.

Q.—Is there other correspondence relating to the letting of those tenders that can be produced?

A.—I could not say. We did not search for correspondence particularly. I thought you were more anxious to get the tenders.

Q.—Do you produce the contracts that were let for coal and underfeed stokers, or rather this is merely the tenders.

A.—I think in some instances we have produced the bond.

Q.—Could you go over them with a view to giving us the contracts in such cases as do not appear to have been included?

A.—I think I could.

Q.—Thank you. And the correspondence?

A.—As far as it is possible to produce it.

Q.—Are there any other documents in your Department that you can produce relative to this matter, except those that you are going to endeavor to get?

A.—I think not.

MR. DEWART: Then that is all for the present, Mr. Armstrong.

THE CHAIRMAN: Your requisition does not specifically say "letters." It says "All books, papers and documents."

MR. DEWART: Well, there will probably be time enough to look them up.

THE CHAIRMAN: Yes, they can be hunted up.

MR. DEWART: I do not know who represents the Department of the Attorney General, but I want that file produced.

THE CHAIRMAN: I thought it was produced.

MR. WILKINSON: It is produced here.

THE CHAIRMAN: It is here, with the Clerk.

MR. DEWART: Is Mr. Cartwright here?

THE CHAIRMAN: Yes.

JOHN R. CARTWRIGHT, sworn. Examined by MR. DEWART.

Q.—You are the Deputy Attorney General for the Province of Ontario, Mr. Cartwright?

A.—I am.

Q.—And have been for a great number of years?

A.—Yes.

Q.—This file that has been handed to me, what does it contain?

A.—It contains just such papers as I have relating to the Petition of Right of Taylor and Scott.

Q.—And is it the full file of such papers as you can produce?

A.—Yes, it is all that we have.

Q.—I notice from this file that Mr. A. M. Stewart appears to have been appointed solicitor specially in this matter?

A.—Yes, he was.

Q.—And are there any papers that you had that passed out of your custody and possession?

A.—No, I think not. Except of course that after the petition of right was recommended and endorsed it was sent on to him.

Q.—And after that any other papers would naturally go to him?

A.—Yes. None came to me.

Q.—Do you recollect any circumstances in connection with the granting of the Petition of Right, Mr. Cartwright?

A.—No, I do not. There was nothing so far as I know of a special character about it.

Q.—You have had considerable experience with the rejection of Petitions of Right, as some of us know.

A.—Well, there are not very many.

Q.—Perhaps I have had more than usual bad luck then. Do you recollect the circumstances at all of this Petition being presented?

A.—No, I seem to have, just on looking at those papers, a vague recollection of the matter and of the nature of it, but I do not otherwise recall the matter.

Q.—Generally these matters of Petitions of Right, in more recent years, have been referred to you for consideration, have they not?

A.—I think they all come to me.

Q.—And are there many of these cases in a year?

A.—No, there are not. Not of this nature.

Q.—This is rather a large sum, is it not, Mr. Cartwright?

A.—Yes, I think the Petition of Right claimed \$50,000.

Q.—Had you gone into the claim that had been made before the Petition of Right was filed—I mean to say was that brought before you in connection with the consideration of the Petition of Right?

A.—Well, I don't remember, but evidently from the memorandum of mine there I must have had some information, because I thought the claim was very much exaggerated, and I so stated.

Q.—In that respect it was like "The Reports of Mark Twain's Death." This is your memorandum under date of the 11th of March, 1911?

A.—Yes.

Q.—Do you recollect or can you tell at all when the Petition came into your hands?

A.—No, I cannot say, but I think the Petition of Right itself is dated the 24th of February of that same year, so that it could not have been long.

Q.—The 24th of February?

A.—I think that is the date in the Petition of Right.

Q.—And on the 11th of March you reported:—"While the claim is, I think, much exaggerated, it appears that the suppliant has a claim for some damages, and it would seem therefore proper that the fiat asked for should be

given." I would like, if you could remember, whether you saw any statement of the amount that was claimed before the Petition was issued?

A.—No, I cannot say.

Q.—You cannot recollect that?

A.—I have no recollection.

Q.—Do you recollect, Mr. Cartwright, whether you were consulted in connection with this matter afterwards and later in the year when the Petition of Right and the action was abandoned and when there was an arbitration?

A.—I think not.

MR. DEWART: I will put in this file.

THE CHAIRMAN: The books are matter of official record. You need not put those in. This file will be *Exhibit 2*.

MR. DEWART: Then as we have no Hansard in which to embalm the speeches of the Legislature, quoting from the press I see that on Monday, the 21st of April, Sir James Whitney is reported as saying in the House:

MR. W. N. FERGUSON: What year?

MR. DEWART: This year. Last week. A week ago yesterday. Sir James Whitney is reported in the *Evening Star* as saying in the House: "Regarding the settlement of the claim the Premier recalled that the arbitrator, Mr. Thorne, had decided upon the amount of \$21,000, and that this had not been paid Mr. Taylor until the Government first had Deputy Attorney-General Cartwright go over the account." Does that agree with your recollection?

A.—I have no recollection of it, that is all I can say.

Q.—You have no recollection of going over the account?

A.—No.

Q.—It is not so long ago, Mr. Cartwright?

A.—Well, I have no recollection of it, Mr. Dewart, that is all I can say. I cannot bring anything to my mind.

Q.—The papers in the matter would be in the custody of Mr. Stewart?

A.—They would.

Cross-Examined by Mr. Nesbitt:—

Q.—Mr. Cartwright, you have been Deputy Attorney-General for a great many years?

A.—Since the year 1889.

Q.—That was during the regime of Sir Oliver Mowat?

A.—Yes.

Q.—And Mr. Hardy?

A.—Yes.

Q.—And Mr. Ross?

A.—Yes.

Q.—And Sir James Whitney?

A.—Yes.

Q.—And there seems in the public mind to be some mystery about the meaning of the word fiat. Will you just explain that? Not for the benefit

of the Committee, but for my friend Mr. Dewart who does not seem to understand the nature of a fiat and what it is.

MR. DEWART: Thank you.

MR. CARTWRIGHT: All that a fiat means is, the rule of law is that you cannot sue the Crown without its own consent.

MR. NESBITT: You cannot sue the Crown without its own consent.

A.—Without the Crown consenting. Then if you get a fiat; that is, properly speaking a recommendation from the Attorney-General to the Lieutenant-Governor that he should grant his fiat, "Let right be done." The only effect of that is that you remove the bar which otherwise exists against such a suit, so that the matter is put in train to be determined by the Court.

Q.—And in a matter of an application for a fiat, as I understand, the practice has been uniform under your regime?

A.—Certainly.

Q.—That is to say the Petition of Right sets out all the facts and circumstances upon which the Petitioner relies as showing that he has a meritorious claim against the Crown?

A.—Yes, that is what it is supposed to do.

Q.—It would correspond in an ordinary piece of litigation with what is called the Statement of Claim?

A.—Yes.

Q.—And that is referred to you?

A.—Yes.

Q.—And examined by you?

A.—Yes.

Q.—With great care?

A.—Yes.

Q.—And I judge from some innuendo from my friend on the other side—

MR. DEWART: Not "innuendo." "Insinnuendo."

MR. NESBITT: Insinuation, then. That the popular belief is that it is judged with such minute care that some time elapses as a rule?

A.—Sometimes. It depends on the nature of the case.

Q.—But at any rate all cases are examined with care?

A.—They are.

Q.—And this case was no exception to the general rule?

A.—No, not so far as I am able to speak.

Q.—And you find endorsed upon the paper a memorandum that the claim although exaggerated seems a just one?

MR. DEWART: I do not think that is the exact wording.

A.—Not that it is a just one, but that there seemed to be a claim.

MR. DEWART: It is the last paragraph of the last paper.

MR. NESBITT: "Memorandum for the Attorney-General." That is for the guidance of Mr. Foy?

A.—Yes.

Q.—"In this case it is asked that you should give a fiat for Petition of Right. The claim made is in respect of violations of the contract made with Ellen Charlotte Taylor in respect of work at the Central Prison." You must have had that contract before you?

A.—Yes, I must have had the files.

Q.—"While the claim is I think much exaggerated." You must have had the particulars of the claim before you?

A.—Yes.

Q.—That is the claim for \$50,000?

A.—Yes.

Q.—Much exaggerated.

MR. DEWART: I did not understand the witness to say so before. He said he had no particulars.

A.—I say I do not recollect, but from that memorandum I must have had.

MR. DEWART: There were no particulars of that claim at all.

A.—I must have said something from which I judged that the claim was exaggerated.

MR. NESBITT: If my friend will pardon me, the language used is—you are careful about your language, Mr. Cartwright?

A.—I try to be.

Q.—I think you have a Provincial reputation, if not a Dominion reputation in that regard?

A.—I am not sure about that.

Q.—You are the Cartwright who is the authority on the British North America Act?

A.—Yes.

Q.—Several volumes you have published?

A.—Yes.

Q.—See if you would be likely to use this language without it intending to convey the facts that were before you. "While the claim is I think much exaggerated," is that consistent with any other opinion but that as to the \$50,000 claim; you had figures before you that would lead you to assume that he had not a claim to that amount?

A.—I think so. That is what I gather from that memorandum, but I cannot recollect.

Q.—Have you any doubt about that?

A.—No, I have no doubt.

Q.—Then would Sir James be right, not if as put in the "Star"—I suppose you will agree with me that any legal matter that is ever reported in a newspaper is turned upside down?

A.—Well, very often it is.

Q.—They very often are. In fact, will you not agree with me that in ninety *per cent.* of the cases, I am speaking, I think, within the mark, the report is such that counsel in the case would not recognize it scarcely?

A.—Well, I would not like to put it as high as that.

MR. DEWART: My learned friend has been exceedingly unfortunate.

MR. NESBITT: I have not been in anything they have reported up to date.

Q.—Now, then, would it be correct to say, therefore, from this memorandum, that the claim must have been before you?

A.—Oh, I think undoubtedly I would not have used that language unless I had it.

Q.—And you recommended therefore that the fiat should be given?

A.—Yes.

Q.—Did anyone—because you would recollect if such a circumstance had occurred—the Prime Minister, the Attorney-General, the Provincial Secretary, or any Minister, or anyone representing them, ever approach you in connection with that?

A.—No, certainly not.

Q.—No pressure brought to bear upon you?

A.—No, certainly not.

Q.—No persuasion brought to bear upon you?

A.—No.

Q.—Any suggestion of that kind would be an infamous lie, can I characterize it?

A.—Well, you may characterize it as you like. It would not be true.

Q.—It would then depend upon the motive of the liar, as Mr. Churchill says. Then so far as you recollect you did not go over the award?

A.—No, to the best of my recollection I never saw it.

Q.—That would not be in your province at all?

A.—No, I don't think it would.

Q.—Once the matter is placed in litigation, under your memorandum for a fiat, it gets into the hands of Mr. Stewart?

A.—Yes.

Q.—That is Mr. A. M. Stewart?

A.—Yes.

Q.—Then when it would go to Mr. Thorne or to the Courts you would not have anything to do with that?

A.—No.

Q.—In any way?

A.—No.

Q.—Before that you did pass upon the account?

A.—Yes, I passed upon it in that sense, that I thought there appeared to be a claim which it would be proper to put in course of litigation.

Q.—Now, then, would there be any possible sense in putting an award before you which was made under an agreement that it should be final and without appeal?

A.—I should certainly think not. I am not a Court of Appeal.

A.—You know in this case that the memorandum that was signed was that the reference should be final and without appeal?

A.—No, I did not know that.

Q.—If that is the fact, when the award was made such a proceeding would be perfectly futile?

A.—Certainly. There would be an end of it, of course.

Q.—Perfectly futile, no matter what your point of view might be. Neither party could question the amount if they had signed that?

A.—No.

Q.—Those papers were laid before you in the ordinary course as Petitions of Right had been since 1889?

A.—Yes.

Q.—You exercised your own unbiassed and calm judgment upon them?

A.—Certainly.

Q.—Without reference to any Minister or envoy of a Minister?

A.—Certainly.

Q.—Without reference to any contractor or envoy of a contractor?

A.—Certainly.

Q.—And entirely on your own responsibility as Deputy Attorney-General of this Province?

A.—Certainly.

Q.—And without consultation with the Attorney-General?

A.—Yes.

Q.—And the fiat would not issue and did not issue except upon your sole recommendation?

A.—Yes. That memorandum went to the Attorney-General.

Q.—And he acts as a matter of form on that?

A.—Well, I cannot say as to that.

Q.—It is quite apparent from your memorandum that you were the moving cause?

A.—Yes, I suppose so.

Q.—Entirely. And you never heard of anything except what is in the Petition itself and what is on its face?

A.—No.

Q.—So that if I find in a charge that that fiat, which you were the initial machinery of, that is correct?

A.—Yes.

Q.—Was issued “illegally, corruptly and improperly”?

A.—Well, that is a statement.

MR. DEWART: That is a matter I take it for the Committee to find.

MR. NESBITT: No, I want evidence as to this, because this gentleman must be that part of the machinery.

MR. DEWART: He is speaking of his own part. That is all he can say.

MR. NESBITT: That is the part; that is the initial machinery.

THE CHAIRMAN: That is all he is asking him, as to his own part.

MR. NESBITT: If I find the statement that that fiat was issued illegally, corruptly and improperly.

A.—I say that is absolutely untrue so far as I am concerned.

Q.—Would it be right to say, can I repeat the language, it is an infamous lie as far as you are concerned?

A.—So far as I am concerned it is untrue.

Q.—And the fiat could not be issued and was not issued except entirely on your responsibility.

A.—So I understand.

Q.—If I find in another charge that in reference to the obtaining of that fiat there were “unlawful, corrupt and improper acts on the part of Sir James Whitney and the Honourable W. J. Hanna,” what do you say?

A.—I say it is absolutely false.

Q.—You are a nephew of Sir Oliver Mowat, are you not?

A.—No. I am no relation of Sir Oliver Mowat.

Q.—I mean a relation of the late Sir Richard Cartwright?

A.—I am a cousin of the late Sir Richard Cartwright.

Q.—And you were an appointee of Sir Oliver Mowat?

A.—Yes.

Q.—And a trusted employee of every Premier since?

A.—I think I have had the confidence of all the Premiers.

Q.—And of the Province and the whole country?

A.—I think so.

RE-EXAMINED by MR. DEWART.

Q.—You have no knowledge of any of the antecedent circumstances with reference to this claim until the application for a fiat came before you?

A.—No, I know nothing of anything antecedent.

Q.—And I take it that you cannot recollect, from what you have told me before, any circumstance whatever in connection with the presentation of this matter?

A.—No, I do not remember it.

Q.—So that when you speak as you do as to what your conduct in connection with the matter was, and as to the course of this proceeding, you are speaking of the usual course of these matters when they come into your hands for consideration?

A.—I may say the invariable course.

Q.—And you cannot tell me whether there was any statement laid before you, showing how the details of an alleged claim for \$50,000 were made up?

A.—No. I cannot say that, as I told you; only I judge from the memorandum that I had something.

Q.—That you had something before you?

A.—Yes.

Q.—Would it help your recollection if I referred to the fact that there is amongst the papers—

MR. NESBITT: Pardon me, Mr. Chairman, I do not desire to take technical objections, but surely there must be a limit to the time of this Committee, and as I understand, we are to be guided by the rules of evidence here?

THE CHAIRMAN: Certainly.

MR. NESBITT: Upon what possible ground is my friend attempting to re-examine in this way? That is, how does it arise out of my cross-examination? He is endeavoring to go over the same ground he has been over in chief.

MR. DEWART: No, you have endeavored to bring out the fact that this claim was laid before Mr. Cartwright and must have been considered by him.

MR. NESBITT: I have cross-examined on nothing but what you examined on. This is just a repetition.

MR. DEWART: No. I want to find out from him this fact, as to whether he could recollect the claim that was made before him was a claim in which the items made up the sum of \$19,000.

MR. NESBITT: He was asked about that.

THE CHAIRMAN: Yes, he was asked, I think, about that. While the rules of evidence I think, Mr. Dewart, would prohibit your pursuing your present course, I desire that the matter shall be——

MR. DEWART: I trust that this Committee desires to get the fullest opportunity of investigation.

THE CHAIRMAN: Pardon me, until I finish what I was going to say.

MR. DEWART: I thought you had finished, sir.

THE CHAIRMAN: It is the desire of the Committee to give the fullest possible latitude; at the same time we must adhere to some rule of procedure and the rules of evidence or we will be here interminably. I cannot see what is the object of the course you are pursuing at present, but I propose to let it go on until I do see its object.

MR. DEWART: It was merely because of my learned friend's insistence that Mr. Cartwright passed upon the account. I am asking him now if he can give me any statement as to any amount that was before him as a matter of detail upon which he passed?

A.—No.

THE CHAIRMAN: I think he answered that before. He said, "I have not any recollection at all." I do not see the object of pursuing it. Mr. Cartwright has said very candidly "I have not any recollection, but with the memorandum before me, I say I must have had something, but I do not remember what it was definitely." I think that covers it.

MR. DEWART: Then when my learned friend asked you as to whether the words he quoted from the charge were true with reference to the granting

of the fiat, and you said they were absolutely false, I take it that that means so far as your knowledge of and connection with the matter is concerned.

A.—Of course that is all I can speak of.

THE CHAIRMAN: That is exactly what he said.

MR. DEWART: I think the last answer is a little broader. That is all, Mr. Cartwright.

Now there are some other papers, I do not know who produces them, relating to matters from 1905 down to 1910.

MR. ARMSTRONG: Those were all produced before the Public Accounts Committee.

MR. DEWART: We had better have them here. I will recall Mr. Armstrong for a moment.

S. A. Armstrong, recalled. Examined by MR. DEWART.

Q.—You are now producing what papers?

A.—I assumed when they were transferred from the Public Accounts Committee to this Committee that that was sufficient production. These have all been produced in the Public Accounts.

THE CHAIRMAN: They were just transferred to the Clerk of this Committee.

MR. DEWART: You now produce an additional file of papers relating to this Taylor-Scott contract, from the Central Prison and the Provincial Secretary's files, from 1905 down to the time of the Central Prison files, I believe.

A.—Yes, some of these were not produced by me. I think Mr. Montgomery must have put this one in. This is the record in the action.

Q.—Probably we can agree upon that.

A.—They are the exhibits before the Public Accounts Committee. I do not think there has been any alteration, unless this additional sheet; here is one from the Attorney-General's file, handed to the Public Accounts Committee but not marked as an exhibit.

Q.—Then in addition to the papers you produced before, Mr. Armstrong, you produce a number of papers?

A.—I produce the front sheet of a statement of February 16th, 1911, furnished by Taylor, Scott & Co., to the Warden of the Central Prison. That got torn off and I found it amongst some of my other papers in the office and I produced it to the Clerk of the Committee the other day.

Q.—You are producing now the documents that were produced before the Public Accounts Committee relating to this matter, coming from your departmental custody?

A.—Yes. Then there are a few more that I am producing. One is a letter—when I say that I produce this it came into my custody in some way or other—a letter from Montgomery, Fleury & Montgomery to the Attorney-

General of May 2nd, 1911, and the Attorney-General's acknowledgment. A copy.

Q.—Probably if these are kept together my learned friend, Mr. Elliott, can check them during the adjournment.

A.—I produce a copy of Mr. McNaught's letter to Mr. Hanna of January 17th, 1912, fixing the remuneration for Mr. Thorne's services. A copy of a memorandum from Mr. Postlethwaite to Mr. Hanna of April 29th, 1908. A report on Central Prison Industries of March 11th, 1908. A copy of a letter of January 27th, 1911, from Taylor-Scott to J. T. Gilmour. That is the one that I referred to.

Q.—And that front sheet on what was Exhibit 43, before the Public Accounts Committee, that had been torn off and you found it amongst the papers?

A.—Yes, it was all loose you see.

Q.—And that has been added now. Those can go in as one exhibit, and they can be checked over, probably for convenience, and a list attached, showing what the exhibit contains. That will be *exhibit 3*.

MR. W. N. FERGUSON: There is no order to them in that way.

MR. DEWART: But if a list is taken and attached. My learned friend consents that this next document which I file as exhibit 4 is the record in the action upon the Petition of Right between Taylor, Scott & Co. and the King, entered for trial on the 7th November, 1911.

Then, is Mr. Stewart here?

THE CHAIRMAN: Mr. Stewart is not a witness. The witnesses that were summoned by the Committee, you gave us a list of on Thursday. Those witnesses were summoned. You spoke to me on Friday upstairs, and I explained to you that I had not any authority to summon witnesses; the Committee is the only body that can order the summoning of witnesses.

MR. NESBITT: What do you want from him?

MR. DEWART: I want to find out about these papers. Meantime I ask for an order for the subpoenaing of Mr. A. M. Stewart with an order to produce all papers in his custody.

MR. NESBITT: If you call him on the telephone I think he will attend.

MR. DEWART: Also his books and the details of his account.

THE CHAIRMAN: I understand you want Mr. Stewart summoned?

MR. DEWART: In the ordinary way, just as you have summoned the other witnesses.

THE CHAIRMAN: Very well.

MR. DEWART: And to produce all papers relating to this matter, and any books relating to it or to the details of his account against the Government.

THE CHAIRMAN: All our summons are *duces tecum*.

MR. DEWART: I take it, Mr. Armstrong, you produce all the Warden's files? It is not necessary for me to call him to produce anything further?

MR. ARMSTRONG: No.

MR. DEWART: May I ask, Mr. Chairman, with a view to ascertaining just when we will get Mr. Stewart this afternoon, what time do you propose to adjourn to and for what period?

THE CHAIRMAN: I propose to adjourn at one o'clock until two.

MR. DEWART: Then, if a subpoena must issue for Mr. Stewart to be here at two we will probably have him here then.

THE CHAIRMAN: We will send down and probably have him here.

MR. DEWART: Then are there any papers that Mr. Dunlop produces?

MR. ARMSTRONG: No, Mr. Dunlop has no papers.

MR. DEWART: Will you sit until five, Mr. Chairman?

THE CHAIRMAN: We will sit from 2 until 6 and then from 8 until 11.

MR. DEWART: Not I, Mr. Chairman. You must not kill us in that way.

THE CHAIRMAN: We cannot keep this thing going all the week, you know. I warned counsel, or at least Mr. Proudfoot and the Committee the other day, that if we did not meet until Tuesday we would have to expedite this in every way to get through. The House meets next Tuesday. The Chairman is as delicate as any man on the Committee, and if he can stand the strain of listening to you gentlemen, I think the rest of you should be able to.

MR. DEWART: I was just asking the Chairman, Mr. Nesbitt, what hours he proposes to sit, and he intimated that he would sit until one and adjourn until two and then sit from two to six and that he proposes to sit at eight o'clock again.

MR. NESBITT: Until two?

MR. DEWART: I do not know.

THE CHAIRMAN: We will decide that when it gets along about midnight.

MR. DEWART: I ask, Mr. Chairman, that under the circumstances there should not be night sessions. This is a matter which has developed, and as to which counsel have only been able to advise themselves, since Friday last. The last Session of the Committee was on Thursday, and it was not found possible to instruct counsel before Friday, and unfortunately one of the counsel who acted with me had such engagements that they could not be postponed. In the time at my command since Friday I have had Saturday and yesterday. I have given the fullest attention that I could to the mass of correspondence and papers that have to be considered. There are a number of documents that have not been produced as yet, and as to which we may only have production later to-day. Under these circumstances and after having given three days to the preparation of the case, I do submit, sir, that if the interests of justice are to be considered there should be no attempt to force counsel at this stage, in view of the very important matters that have to be considered, in view of the time it takes, and in view of the time that it has taken so far to be able to proceed this morning, and the fact that I think I have shown every desire to expedite the proceedings.

THE CHAIRMAN: Don't you think you are anticipating trouble? When we come to six o'clock, if we see that it is not wise to sit to-night we will not sit. My purpose is, and I am sure the desire of the Committee is to not do anything that will in any way prejudice your case or that you should not have the fullest opportunity of investigating every phase of this thing and seeing every paper. That is the attitude, but I assumed that after adopting Mr. Proudfoot's suggestion that we should meet here on Tuesday, giving counsel an opportunity in the meantime to go fully into the matter that we would be prepared to sit practically continuously and dispose of it. However, we will see to it that you are fairly treated.

MR. DEWART: I was only anxious to have an understanding at this time, because so far I have not seen a witness who is to be examined, and perhaps I am at a disadvantage on that account.

THE CHAIRMAN: I sometimes change my mind. I do not like to promise so far ahead as six o'clock. If we do not get on any more rapidly than we have this morning we will certainly have night sessions.

MR. DEWART: I think we have made a good deal of progress, with all deference, Mr. Chairman.

(An intermission of two or three minutes while a photograph is taken.)

MR. DEWART: I will call Dr. Gilmour.

Dr. Gilmour, sworn. Examined by MR. DEWART.

Q.—Doctor Gilmour, you are the Warden of the Central Prison?

A.—I am.

Q.—And have been Warden since what time?

A.—The 1st of February, 1896.

Q.—So that your incumbency would cover the whole period of the Taylor-Scott contract from 1905 until 1910?

A.—Yes.

Q.—I just want to know about the course of the dealings between the firm and yourself. In case there was any matter of dispute to whom did the claim or matter of the dispute first come, in the first instance?

A.—That would depend upon what was the subject of dispute.

Q.—If it related to the accounts in connection with the woodworking department, the supply of men, or matters of that kind arising from the working out of the contract.

A.—A financial dispute would not come to me. In regard to the supply of men, it would.

Q.—I see that there appears to be, and comparatively early in connection with the working out of the contract, some complaints, and then I see that there are letters coming to you a little later on. One that is produced is, I see, from the Taylor firm to you under date of the 15th of December, 1910, in reply to some letters of yours of the 8th of December. Under date of the 8th of December I see that you write to the Taylor firm:—"Permit me to request that you will arrange to conclude your work with the Central Prison shop by the end of the present year. This is the express wish of the Department." That is a letter from you. Would that be a letter acting upon your own initiative?

A.—No. I would write that letter after conference with others.

Q.—The reason I ask that is that I do not find any letter containing that expression of the wish of the Department to you.

A.—No, not likely. It would be verbal.

Q.—And from whom were your instructions received at that time with regard to that matter?

A.—I could not say that. I could not answer that definitely. I used to confer with the inspector and the Minister and with the Deputy Minister.

Q.—It would come from one of those sources then?

A.—Yes, it would come from one of those sources.

Q.—Then I see here a letter of December 10th, 1910. Leaving that for a moment, that may have been a letter to the Department. I see a letter to yourself of the 15th of December, 1910. You will notice that?

A.—Yes.

Q.—From Taylor, Scott & Co. to yourself. You have that before you?

A.—Yes.

Q.—That is a letter in which they ask for further time in which to work out their contract?

A.—Yes.

Q.—And apparently at an earlier date there had been an extension of time from the first of September?

A.—Yes.

Q.—The first of September was the date upon which their contract would have expired and as to which notice had been given and which has been filed here by the Inspector of Prisons?

A.—Yes.

Q.—Then you had recommended, I see from the correspondence, that the Taylor-Scott firm be permitted to operate the woodworking shop for some time to come.

MR. FERGUSON: Which letter is that?

MR. DEWART: That is dated the first of September. And they had continued to operate it from the first of September down to this date in December, had they?

A.—Yes.

Q.—Then was there any understanding as to what this additional time allowance to work out the contract was to go against? You understand what I mean?

A.—Yes, I understand. Yes, that there was an understanding that this was in liquidation of any claims that Taylor-Scott might have.

Q.—For what period of time was that extension to run?

A.—If memory serves me rightly, I don't think there was a fixed period named.

Q.—And then the notice came or the instructions came to you to notify them that the contract would terminate at the end of the year?

A.—Yes.

Q.—Now you said, Dr. Gilmour, that the matter of financial settlements did not come before you, but other matters mainly.

A.—Yes.

Q.—Do you see a letter there, or rather a copy is produced under date of 27th of January, 1911. You see that is a letter from the Taylor-Scott firm to yourself "following a conference with Inspector Rogers and yourself yesterday and as requested, we beg to submit a tentative estimate of our most material claims."

THE CHAIRMAN: Is that in?

MR. DEWART: Yes, that is one that Mr. Armstrong put in.

Q.—Do you recollect anything as to what took place at the conference that is there referred to?

MR. NESBITT: May I look over his shoulder?

MR. DEWART: Certainly. Look it over first before answering.

Q.—Do you recollect anything that took place at the conference that is there referred to between Mr. Taylor, Inspector Rogers and yourself?

A.—I recollect the conference, but it is very indefinite.

Q.—You would not undertake to speak as to what took place then?

A.—No.

Q.—Now that claim, as you will notice, Dr. Gilmour, amounts to \$17,469.80, which it is stated is only a rough estimate, "as it would require an exhaustive examination of your and our books in order to get at the actual."

And that claim was made up under five different heads. You have noticed the claim?

A.—Yes.

Q.—I suppose you are familiar generally with the heads under which that claim was made?

A.—Yes.

Q.—Then I see that you wrote on the 14th of February acknowledging receipt of this letter of the 27th of January, giving the heads of the claim, and you say: "Will you please give us the various items with dates and all details which form the claim you are making." Is this document—exhibit 43, before the Public Accounts Committee—what you got in answer to your letter of the 14th of February, 1911? Just look it over carefully, doctor, so that you can satisfy yourself?

A.—I presume this would be.

Q.—It appears to be original.

A.—Yes.

MR. NESBITT: May I look at it?

MR. DEWART: Yes, I just want the Doctor to satisfy himself. I want to prove it formally. Then by the latter letter the claim, which had been put on the 27th of January at \$17,469, was increased on the 16th of February to \$19,463.02?

A.—Yes.

Q.—With itemized statements attached. "Reserving, however, the right to increase the same." Now, did you ever after that date receive any other statement either in detail or under headings claiming an increased sum?

A.—I have no recollection of having received one.

Q.—Do you think your memory would serve you to remember if you had received one?

A.—Yes, I think so.

Q.—So that your best recollection is that you did not receive one?

A.—I have no recollection of having received one.

Q.—Did you ever see any itemized or detailed statement under heads in which any larger sum was claimed?

A.—I have no recollection of having seen one.

Q.—And you think your memory would serve you if there had been one?

A.—Oh, I think I have a fair memory.

Q.—Then look at Exhibit 47, which purports to be, as I am advised, a memorandum showing the items considered and amounts awarded by an arbitrator, Mr. Thorne. I tell you that in advance, and I want to ask did you ever see or was there ever presented to you any statement in detail as in the first column there, showing a total claim of \$40,472.04 as there made out?

A.—No.

Q.—You never did. Take these three documents if you will, Dr. Gilmour.

THE CHAIRMAN: That document you have now is the Thorne Award, is it?

MR. DEWART: Yes.

THE CHAIRMAN: He gives the claims made on either side and the allowances made.

MR. DEWART: Then take the items in the statement of the 27th of January, 1911, No. 2, "Loss estimated from loss of output from lack of power, \$6,300." What is the nature of that claim, Doctor; will you explain what that means?

A.—I think Mr. Taylor claimed that the engine was not sufficient to generate the power required for his purposes.

Q.—Was that all? Is that all there is to it?

A.—I think that is about all.

Q.—Can you state the position in which that matter stood? The engine was not sufficient to generate the power?

A.—That would be a matter for the engineer to state. I am not an engineer.

Q.—Had you any discussion with Mr. Taylor or anybody on his behalf?

A.—Yes, Mr. Taylor and I spoke of it from time to time, or Mr. Taylor spoke of it to me from time to time.

Q.—Was any estimate placed upon the damage that had been done, and if so how was it circulated?

A.—Well that estimate could only be placed by Mr. Taylor.

Q.—You could not place it?

A.—Oh no, I could not place it.

Q.—You don't know anything about that?

A.—No.

Q.—Can you tell me this, then, Dr. Gilmour. Taking that item of \$6,300, what item in the claim of the 16th of February corresponds to that? It would appear to be the third in order. Item 2 has been increased from \$6,300 to \$8,819.68, for the same reason as the next preceding item was reduced and that would be on the working out of profits?

A.—Yes.

Q.—That is how it runs?

A.—It is the same item, yes.

Q.—I just want to trace their continuity. Then there are particulars filed. They are not dated. It begins "Particulars of Contract Paragraph 1."

MR. W. N. FERGUSON: That was not filed with the Public Accounts Committee. It was not among the papers I saw.

MR. DEWART: I got it from the Government File and copies made.

MR. NESBITT: They are here.

THE CHAIRMAN: I do not remember seeing it.

MR. NESBITT: We did not get it this morning. He said he could not find it. He said it was lost. You are wrong about that, Mr. Dewart. I

noticed at the time that one of the strong features of this case was the loss of these particulars.

MR. DEWART: I know that set was lost.

MR. NESBITT: Mr. Montgomery has passed me this. We did not have them before. Mr. Montgomery was not here. You may take this.

MR. DEWART: My learned friend will consent to these going in. The marginal notes not counting. Then my learned friend has been good enough to let me have the original demand for particulars under date of the 14th September, 1911, and the original particulars delivered on the 18th September, 1911.

THE CHAIRMAN: These will go in as Exhibits 5 and 6. (Demand marked Number 5, particulars marked Exhibit 6.)

MR. DEWART: Then tell me, Dr. Gilmour, what paragraph of that demand for particulars refers to this item relating to loss of output from lack of power that we have been discussing.

A.—I presume it would be paragraph 6 here.

Q.—Paragraph 6 "Particulars of the time when the machinery was shut down for the lack of power and during which the the applicant was obliged to pay for prisoners' time and to their own foreman large sums of money and particulars of the said sums of money as alleged in paragraph 4 of the petition." Now let us see the petition. Yes, that relates to the lack of power, you are quite right, Dr. Gilmour. Then I see in the particulars furnished "six, such particulars as the suppliant has at the present time supplied to the respondent under cover of a letter addressed by the suppliant to the warden of the Central Prison and dated 16th February, 1911." That would relate to this letter of the 16th February and to that item \$8,819 apparently?

A.—Yes.

Q.—Then I see here further particulars which appear to have been furnished although the date is not given. Perhaps Mr. Armstrong or Mr. Montgomery can give the date of those particulars.

MR. ARMSTRONG: This is what you are asking about. It is the same paper. This was produced the other day.

MR. DEWART: Then I see another document here produced from the custody of the Crown, particulars of contract, paragraph 6. That letter of 16th February is the only letter that you have knowledge of and the one that was produced?

A.—That is the only one.

Q.—Do you recognize this document, headed Copy, and of which the first item is "Claim of \$1,669.66," and identified before the Public Accounts Committee as Number 8, do you identify that and can you tell me whose report that is? I am referring particularly to the discussion of the item \$8,819.68.

A.—This must be an extract from a letter or else there must be a covering letter with it. I should want the other before I passed an opinion.

Q.—Apparently it relates particularly to the details of the letter of the 16th February, 1911, and the statement from the Taylor, Scott firm to you gives the items, you will notice they are considered under five heads?

A.—By whom is this report supposed to have been made?

Q.—That is what I want to find out, and I thought possibly you could tell me whose it was, by Postlethwaite or by Rogers or whom? You cannot say, doctor?

A.—No, I cannot say.

Q.—Then looking at the item of \$27,919.30 in the items of claim which Mr. Thorne purports to have considered, and in regard to which he seems to have allowed \$17,656, does that relate to the same subject matter as item 3 of the letter of the 16th February, \$8,819.68? Look over the document carefully, doctor.

THE CHAIRMAN: What you say is that if they are the same item, it has been increased from \$8,000 to \$27,000.

MR. DEWART: That is what I want to get at. I want to see that that is the same item, because I have no way of telling.

A.—Where is item 2? Yes, that is the item.

Q.—It relates to the same item?

A.—Yes, it relates to the same item.

Q.—So that, historically considered, the net result will be this, that the letter of the 27th of January, 1911, claimed from loss of output on behalf of the Taylor, Scott firm, \$6,300; which was increased by a letter of the 26th of February, to \$8,819.68, and when treated in this statement, which is a statement showing how Mr. Thorne arrived at his award, the amount to be considered in regard to that loss of profits due to lack of power, had increased to \$27,919, and he awarded \$17,656?

A.—It appears that way from the documents here.

Q.—I have no way of finding out what these matters relate to, and that is why I am asking you whether that is a continuous matter. Now had there been disputes between the Taylor, Scott firm and the Government earlier than the time of that letter which you see of the 27th January, 1911?

A.—Yes.

Q.—How early had those disputes arisen in the course of their contract?

A.—I cannot recollect.

Q.—Take your file. Perhaps I should not ask you that without producing your file. Perhaps I can read the correspondence and we will get at it in that way more easily. I see that as early as February 8th, 1906, this letter is in. A letter from yourself to Messrs. Taylor, Scott and Co.

THE CHAIRMAN: Would it not hurry it up if you just read that letter?

MR. DEWART: My learned friend had not copies of it.

THE CHAIRMAN: Let the other side look up their own record and help themselves.

MR. DEWART: I see under date of February 8th, 1906, you wrote to Taylor, Scott and Co.: "Your favor of the 8th inst., intimating that you are prepared to take all the men that we can send of terms of twelve months or more. We will certainly send you as many men of this class as we are able to, having in view the other prison industries. In the past you have had the pick of the prison population, and more long-timers than you would have been entitled to had the other industries been operated. I do not think you can hope to get as many men at twelve months or over in the near future as in the past. We are approaching that season of the year when the magistrates usually impose shorter sentences." So as early as February, 1906, Taylor, Scott and Co. were asking for more men, and contending that you were not supplying them sufficient.

MR. NESBITT: He does not say so.

THE CHAIRMAN: There was nothing in that letter to indicate that there was any dispute.

MR. NESBITT: "Intimating that you are prepared to take all the men we can send, having terms of twelve months."

MR. DEWART: Were there any disputes at that time with reference to the supply of the prison population, you contending that they had had the pick of the population, while they were contending that they should have more men?

A.—I cannot remember those episodes. I could only be guided by what was in that letter.

THE CHAIRMAN: At that date was there any serious dispute?

MR. NESBITT: There is none suggested by this letter. On the contrary they are asking for a favor.

THE CHAIRMAN: Let us get down to something definite, to something that will count, of some importance.

MR. DEWART: Then so far as the coal supply was concerned, were there differences between you and the Taylor, Scott firm, with reference to the supply of coal?

A.—I had nothing to do with the coal whatever.

Q.—The reason I asked is that I see the engineer reports to you under date of May 3rd, 1903: "Our stock of steam coal will be consumed by June 1st next. Taylor, Scott and Co. have had the use of one boiler and fuel supply from the south side 164 days to date, using 400 tons of screenings." And you wrote on the same date to the Inspector Nicholson, and in reference to this matter you say: "You will observe that Taylor, Scott and Co. are using a very considerable amount of fuel, for which we have received no return." 400 tons is a lot of coal; is that something for which they should get credit and which you were saying they were not strictly entitled to under the contract?

A.—That did not come within my province, and I simply passed it on to the Inspector.

Q.—It was not a matter you had to deal with?

A.—No.

Q.—Now take the letter of Wednesday, March 11th, 1908, doctor, or a report. That is a report that I believe is signed by Mr. Postlethwaite, is it?

A.—Yes.

MR. NESBITT: There is no signature on it, but someone has put a name in pencil there.

MR. DEWART: Mr. Armstrong will know whether that is Postlethwaite's or not.

MR. NESBITT: Yes, he says.

MR. DEWART: Mr. Armstrong says it is Postlethwaite's. Then I would ask you, Dr. Gilmour, does that letter, or that report, rather, of Mr. Postlethwaite's produced from the departmental files, a report of Wednesday, March 11th, 1908, does that relate to some of these matters that are referred to in the letter of the 27th of February, 1911, and the letter of the 16th of February, 1911?

A.—What is that again, Mr. Dewart?

Q.—I say, does that relate in part or in whole to matters that are referred to in the itemized statements of January 27th, 1911, and February 16th, 1911?

A.—Yes, it does.

Q.—So then some of the matters that became the subject of the account in January and February of 1911 were in dispute, and the subject of report to the Minister as early as the 11th of March, 1908?

A.—Apparently so.

Q.—Then I find a letter under date of April 24th, 1908, from the Inspector, Mr. Rogers, to G. W. Edgar, Central Prison, who is G. W. Edgar, what position does he occupy?

A.—He is the Accountant.

Q.—This is produced amongst those documents and I will read it to you for convenience, "With regard to the contract between Taylor, Scott and Co. and the Department, I would say that under clause 6 the Company will supply oil, cotton waste and other mill supplies for operating the shop the same as would be supplied by any first class wood-working shop under private agreement. These would be in part such as bitts, carborundum mill wheels, circular saws, hand saws and any other articles necessary for the manufacture or completion of the article where made by the firm. Under Section 7 it is agreed that the Government is to replace any worn-out parts of the machinery, such as shafting, shaft pulleys, belts or other machinery parts. This does not include special knives used on the machinery, or anything that is necessary to be supplied for the completion or manufacturing of anything made on these machines. Nor does it apply to any machinery put in by the firm and operated by them but not belonging to the Government." Was that a matter which

was also forming part of the matters of complaint and account in January and February, 1911, looking at the two statements?

A.—Yes, in item 5 here it says repairs, machinery parts and supplies. I presume it refers to the same.

Q.—And in the supplementary statement, looking at the parts, are the particulars given with reference to that?

A.—Yes, very extensively.

Q.—Which would indicate that it related to that particular matter in regard to which the Inspector advised the Accountant in April, 1908?

A.—Yes.

Q.—What period, by the way, Dr. Gilmour, does that cover? How far back do those items go, so that we will have it on the record. Paragraph 5; I think it is item 4?

A.—It goes back to October, 1905.

Q.—And continues down to what period, give us the last date?

A.—November 10th.

Q.—Then would you give me the items of the 25th and 29th of April. Take this document in the meantime. We lose time by not having these things sorted out.

THE CHAIRMAN: They were all in very good order I am told until Counsel inspected them.

MR. DEWART: I do not know, can you find that memorandum of Thorne's of the 25th April, 1908, Mr. Wilkinson?

THE CHAIRMAN: Was it an Exhibit before the Public Accounts Committee?

MR. DEWART: Yes, I got it from the Government's file the other day. A copy made.

MR. NESBITT: Mr. Dewart, I do not desire to interrupt your drastic examination of Dr. Gilmour, but might I suggest to you that you identify the documents and not ask the doctor to draw deductions from them, because you and I can do that as well as he can.

MR. DEWART: I am not asking him to draw deductions from them. I am asking him what these matters refer to.

MR. NESBITT: You are asking whether there were disputes at that time, and he says he cannot tell except from the document. He can only speak from the document and your opinion and mine are just as good as his.

MR. DEWART: I do not know that.

THE CHAIRMAN: The documents are in and the committee will decide for themselves I suppose whether they are related to one another.

MR. NESBITT: The doctor in his care of the population of the Central Prison does not acquire any expert knowledge of those documents. I think your psychological studies will not help you in that, will they, doctor?

A.—No.

MR. DEWART: My point is this, Mr. Chairman, that so far as these matters are concerned it is important to know whether when a particular report is made on a certain point it relates to the matters that are the subject of complaint, which are afterwards summarized under a certain head.

MR. NESBITT: The doctor only speaks on the document he says, and we can tell as well as he can.

MR. DEWART: When a certain claim is made for a bulk sum of thousands of dollars it is impossible I submit.

MR. NESBITT: Ask the doctor the plain question if he is speaking from various documents and merely drawing his own deductions. If so my point is good, if not it is bad. How is that, doctor?

MR. DEWART: If my learned friend will allow me to conduct my own examination and in my own way. My learned friend may have some intuitive power to enable him to say this refers to a certain thing.

MR. NESBITT: It is not an intuitive power. It is only common sense.

MR. DEWART: It may be too largely developed. What I am endeavoring to get from the doctor is this, having regard to his intimate knowledge of the working of the prison and what these letters refer to, whether these matters are matters which were the subject of complaint at that time and relate to the same subject matter as the items which are subsequently made the subject of a charge against the Government.

MR. NESBITT: As I say, is that true of all of them that you are just speaking from the documents themselves?

A.—I should have to be guided by the documents. My memory does not serve me in these cases.

MR. DEWART: As a matter of fact a layman with reference to prison matters like my learned friend might not know what the reference was.

MR. NESBITT: As to laymen, well, we have all been in prison I suppose.

MR. DEWART: Speak for yourself. I may have caused others to be imprisoned, but I have been so fortunate as to keep out myself.

MR. NESBITT: No, you have been in a prison, you won't deny that. I do not say you have served a term.

MR. DEWART: There is a letter of the 19th of June, 1908, from the Taylor, Scott Co. to the Honourable Mr. Hanna. I will read the opening of it and perhaps you will be able to remember. "It appears to us that we should be able to approach the questions between us in regard to the agreements between the Inspector of Prisons and ourselves in a businesslike manner, and that there should not be any subject of dispute between your Department and ourselves, and we will, we assure you, do everything in our power consistent with business principles necessary to avoid friction." Then the matters are taken up and the circumstances are stated. Do you find that, Mr. Wilkinson?

MR. W. N. FERGUSON: It is in.

MR. WILKINSON: It is only a copy.

MR. DEWART: Yes. I do not want to read that in full, doctor, but I want you to look at it and tell me, if you will, whether that letter was brought to your knowledge and attention at that time.

A.—No, I have no knowledge of this whatever.

Q.—I see on the third page, I think it is, of that letter, "we submit subject to correction that not only all the conditions, numbers one to five inclusive, of which item four is the most serious, has been lived up to."

THE CHAIRMAN: He says he has no knowledge of this whatever. What is the good of pursuing it further?

MR. DEWART: Just a moment. I am asking a question that I think is pertinent, Mr. Chairman. "Nor has our letter of July 9th, 1907, been answered." Can you tell me anything about that letter of July 9th, 1907?

A.—Well, this was addressed to the Minister. It is not addressed to me so it is evidently a letter addressed to the Minister that they refer to.

Q.—The letter is not forthcoming, can you account for it at all?

A.—Oh no, I have no knowledge. This has nothing to do with my office whatever.

Q.—Having regard to that report of Mr. Postlethwaite's, can you say with whom he consulted before he made that report? Did he consult with you?

A.—I cannot say that. Mr. Postlethwaite consulted with me at different times, but there was so much consultation and running over these matters that one cannot possibly make a definite statement regarding them.

Q.—And you could not say with whom he consulted before making that report?

A.—No; I could not.

THE CHAIRMAN: I suppose you had occasion to talk things over with him every few days, having that manufacturing industry there in the prison?

A.—Quite frequently.

CROSS-EXAMINED BY MR. NESBITT.

Q.—Dr. Gilmour, you are at present Warden of the Central Prison?

A.—Yes.

Q.—And that institution is in Mr. Hanna's Department?

A.—Yes.

Q.—You were appointed Warden of the Central Prison I think you said in 1896?

A.—Yes.

Q.—Under?

A.—Sir Oliver Mowat.

Q.—And you remained Warden of the Central Prison under Sir Oliver Mowat?

A.—Yes.

Q.—Mr. Hardy?

A.—Yes.

Q.—And Mr. Ross?

A.—Yes.

Q.—And have remained Warden?

A.—Until this morning.

Q.—And as far as you know are still Warden?

A.—Yes.

Q.—And your were prior to being appointed Warden, member for?

A.—West York. Well no, I was Registrar in Toronto before that.

Q.—But prior to that you were member for West York?

A.—Yes.

Q.—And a well-known Liberal?

A.—Still am.

THE CHAIRMAN: Firm in the faith.

MR. NESBITT: And so known to be?

A.—Yes.

Q.—So that at any rate this wicked Mr. Hanna has not cut your head off because you differed with him in politics?

A.—Not to date.

Q.—Now, the Taylor, Scott & Co. contract was made during your regime?

A.—Yes.

Q.—Was it any new departure?

A.—Yes.

Q.—Tell me in a few words—I do not know how far the Committee have had this matter before them.

THE CHAIRMAN: This is not the same Committee.

MR. NESBITT: Then if they will pardon me for a minute, getting in a few words what the nature of it was. The contract was made in 1905, and was in effect that the Government supply prisoners at three cents an hour.

A.—So much *per* hour.

Q.—And they were to supply 150 horse power for the operation of the shop, and Taylor, Scott & Co. were manufacturing what?

A.—Woodenware.

Q.—And did they sell to the Government?

A.—No, they sold to the trade.

Q.—Then I suppose in any matter of that kind there are two sets of accounts; the accounts by the Government charging against Taylor, Scott & Co., and Taylor, Scott & Co.'s charges against the Government.

A.—Yes.

Q.—These are necessarily matters of adjustment from month to month or semi-annually or annually?

A.—Yes.

Q.—And are adjusted between the various officers of the Department?

A.—Yes.

Q.—Can you tell the Committee, as a matter of fact, whether any details of that kind—whether you call them disputes or differences—are matters that would come to a Minister or likely to come to a Minister?

A.—No, they would not.

Q.—He has a number of subordinate officers has he not?

A.—Yes.

Q.—Ranging from Inspectors to Assistants and the like?

A.—They would not come direct to the Minister unless they were taken there by some unusual procedure.

Q.—Something acute. I believe that during the course of the contract a good deal of outcry was made about the Government allowing prison labor to be used in the manufacture of articles which came into competition with—

A.—Free labor, yes.

Q.—A great deal of criticism was made?

A.—Yes.

Q.—And at the same time the Grand Jury, looking into the question, recommended that the prisoners should be kept at work?

A.—Invariably.

Q.—Those who studied the question and whose duty it was to report to the Government, reporting in favor of the prisoners' employment and others from another point of view—not offering any opinion as to which is right—saying that they should not be given employment which necessitated competition with free labor of any kind?

A.—Yes.

Q.—Well, a change was made in the contract from three cents an hour to four cents an hour?

A.—Yes.

Q.—And at the same time Taylor alleged that as part of that arrangement certain other changes were made in the written contract?

A.—I did not have the dealing on that matter with Taylor. I understood that he had certain concessions.

Q.—And he asserted that they had been granted and acted upon?

A.—Yes.

Q.—I am rather leading to a legal question now. I believe that in the suit he complained very bitterly at the solicitor for the Government setting up the want of contracts in writing, when the verbal arrangement had been acted upon for several years?

A.—I am not familiar with that part of it.

Q.—Do you know of any dispute in the sense of a serious contest likely to end in litigation prior to 1911?

A.—Yes, I was aware that there was a running fire of dispute more or less covering the last two or three years.

Q.—I understand, but was not that what I have spoken of, claims by him, counterclaims and so on, and matters of adjustment semi-annually or annually?

A.—Yes.

Q.—Was there any litigation threatened prior to 1911 that you were aware of?

A.—Well, I knew that Taylor, Scott were very much dissatisfied.

Q.—You saw the Minister from time to time?

A.—I saw him a few times.

Q.—Taylor, Scott & Co. apparently had the view that he was treating them harshly?

A.—Yes, they claimed they were not getting fair treatment.

Q.—There was nothing in the Minister's attitude apparently that would indicate that he was under their thumb?

A.—Oh no.

Q.—Or that he was under their influence?

A.—I had no reason to think so. I never heard the question raised even.

Q.—Or that he was giving them the best of it as against the interests of his Department?

A.—No.

Q.—May I ask you just at this point, do you agree in the estimates I have understood that have been passed by all the Members of the Opposition, as to the value of the Minister's work as a prison reformer?

A.—Quite.

MR. DEWART: That is scarcely the subject of this investigation.

THE CHAIRMAN: I think we are all getting pretty far afield in this, now.

MR. DEWART: My learned friend seems to think he needs a certificate of character, so I cannot object.

MR. NESBITT: I just wanted to see at what point you would think evidence was relevant.

MR. DEWART: You have got your certificate of character, now go on.

MR. NESBITT: On the first of September, 1910, I see you wrote: "I beg to recommend that the Taylor, Scott Company be permitted to operate the wood-working shop at the Central Prison for some time to come without any guarantee as to the number of men we shall furnish them. The Taylor, Scott Company have a number of orders unfinished, and through no fault of their own for months past we have not been able to live up to our contract with Taylor, Scott in a manner they had a right to expect." Is that correct?

A.—Correct.

Q.—Then I just pause here. You know there was litigation?

A.—Yes.

THE CHAIRMAN: What is the date of that?

MR. NESBITT: The first of September, 1910.

Q.—Am I right in saying, apparently in your view, they had an honest and just claim against the Government?

A.—Yes.

Q.—And that the Government did in fact owe them for breaches of contract?

A.—Yes.

Q.—Would I be right in saying that it would fairly translate your view that to arrive at that was largely a matter of bookkeeping and accounting.

A.—Certainly.

Q.—Practically altogether was it not?

A.—Entirely.

Q.—It was a matter that would require special knowledge of a special type of accounts kept between the Central Prison authorities and Taylor, Scott & Co.

A.—It would require an expert accountant.

Q.—And it was a question of what the damages were for these breaches of contract that you speak of?

A.—Yes.

Q.—Will you tell us for a moment what the type of breach was and what the loss occurring from it might be?

A.—I think what I particularly referred to, in the meantime since their contracts had been made we had started the Prison Farm at Guelph. In order to conduct the Guelph enterprise successfully we had to draw on our Central Prison population somewhat extensively, and in taking the men to Guelph we required a good type of man at Guelph. This used to make inroads upon the population that otherwise would have been assigned to the Taylor, Scott people. I think I refer to that possibly in that letter.

MR. NESBITT: Yes, you do.

THE CHAIRMAN: Read the letter for the benefit of the Committee.

MR. NESBITT: You say: "For months past we have not been able to live up to our contract with Taylor, Scott in the manner they have a right to expect. We have been unable to give Taylor, Scott the number of men they were entitled to, and we invaded their factory and took a considerable number of their long term men, who we sent to Guelph. This deprived Taylor-Scott of some of their most efficient workers, whom they had educated and was a direct violation of the contract and seriously impaired their output. It was necessary to do this to get the right kind of men to send to Guelph, and I think the results at Guelph have justified our course. Our sole object throughout has been the best welfare of the unfortunate men and boys committed to our charge.

In view of the foregoing and other data that I might mention I made my recommendation. If this recommendation is acted upon it will be in our favor quite as much as Taylor, Scott's, as if the contract terminated now it would leave us with at least fifty or sixty men on our hands, whom I think it imprudent to send to Guelph at present, and for whom we have no employment here."

A.—You will observe that the date of that letter is Autumn. Winter was coming on.

Q.—"If you grant this recommendation, you will only be giving Taylor, Scott what they are fairly entitled to, and at the same time making an arrangement for the best welfare of our inmates."

A.—That is right.

Q.—That is correct is it?

A.—Certainly.

Q.—Now, apparently what you lay particular stress upon there is the invasion of the factory for sending to Guelph. When did that occur?

A.—We started the Prison Farm in April, 1910.

Q.—That apparently was a serious item.

A.—Yes, it would be a serious item.

Q.—And that particular item, certainly that breach of contract had not occurred until subsequently to April, 1910?

A.—No.

Q.—Was not even dreamed of in 1908?

A.—No.

Q.—Now, that recommendation was for an extension of time. Do you remember that Taylor, Scott & Co. were asking for 2½ years?

A.—Two and a half years' extension?

Q.—Yes.

A.—I don't recollect that.

Q.—Do you recollect what the Minister finally was prepared to recommend to his colleagues?

A.—No, I don't think the Minister ever told me what he was prepared to recommend to his colleagues.

Q.—At any rate it was ultimately decided by the Cabinet not to grant any extension of time?

A.—Yes.

Q.—That they recognized they were bound to pay damages if they did not grant the extension of time?

A.—Yes.

Q.—There can be no doubt about that?

A.—I so understood it.

Q.—Taylor was willing, instead of getting money by way of damages, to take an extension of time?

A.—Yes.

Q.—Did not want to have a lawsuit with the Government?

A.—He was willing to settle on that basis.

Q.—He said, although your contract has been broken in more than one particular, I am perfectly content if I get an extension of time for one year to abandon all my claims and to take that instead of money?

A.—Yes.

Q.—And in your view you recommended that course being taken?

A.—I did.

Q.—You thought it would be best in the interests of the Government and the public and equally satisfactory for Taylor, Scott?

A.—And in the interest of the prisoners.

THE CHAIRMAN: It was the men the doctor had in view, apparently.

MR. NESBITT: It was the interest of the prisoners, in order to keep them at work, keep them employed?

A.—They were my chief concern.

Q.—I believe the Government had announced that they were going to discontinue it and felt that they could not grant the extension?

A.—I believe so.

Q.—On December 15th, 1910, there is a letter I see from Taylor, Scott & Co. to you in which they say that your notification to them that the time could not be extended creates such astonishment that if they were to put it as strongly as they feel it would burn up the paper?

A.—Yes.

Q.—Mr. Taylor was evidently speaking very warmly?

A.—Yes.

Q.—Might I ask you again whether there was any indication in 1910 of any, either bias in favor of Taylor, of the Minister or of any of the Cabinet being under his influence?

A.—None that I am aware of.

Q.—Anything to show that his treatment was not that which any person would expect dealing with the Department?

A.—Quite.

THE CHAIRMAN: In an ordinary business way?

MR. NESBITT: Yes, in an ordinary business way.

A.—Quite.

Q.—Any indication that any interest of the people or of the prisoners was being sacrificed in his favor?

A.—No.

Q.—He was complaining that he was being offered up as a vicarious sacrifice to them, was he not?

A.—He complained very much.

Q.—And very bitterly?

A.—Yes.

Q.—Did his language bear out what he says here that if he put it as strongly as he felt it would burn up the paper?

A.—Well, he could be lurid if he wished to.

Q.—I need not read the letter to you. He puts forward the extreme hardship that the cancellation of the contract under the circumstances imposed upon him?

A.—Yes.

Q.—It was an extreme hardship, was it not?

A.—From his viewpoint.

THE CHAIRMAN: Are those letters in, Mr. Nesbitt?

MR. FERGUSON: Yes.

MR. DEWART: No, it is not in.

MR. NESBITT: Then I had better read it. It is the letter of December 15th, 1910.

MR. DEWART: It is part of the letters Mr. Montgomery produced that you would not admit.

MR. NESBITT: Oh, that cannot be correct. It is a Government production, not Mr. Montgomery's.

MR. DEWART: I did not get it from the Government files.

MR. NESBITT: That is your own fault.

MR. DEWART: It was not brought out, that is all I can say. It was not handed to the clerk.

THE CHAIRMAN: Mr. Armstrong says those are in.

MR. NESBITT: The letter is: "We beg to acknowledge yours of the 8th. To put it mildly, we are astonished; and to put it as strongly as we feel would burn up the paper. All we desire is that the arrangement entered into between you and the Inspector and ourselves be carried out. If you will recall the circumstances you will remember that after the termination of the contract at the end of August inst. we were requested to continue so as to use up material and finish orders and we continued under this arrangement at a distinct loss to ourselves, as our foremen, managers, office and generally our operating expenses are practically stationary, but at times the workmen supplied to us did not exceed fifty, so that our production was not commensurate with the expenses." That, of course, would be true?

A.—That would be true. Their overhead was the same.

Q.—And they were entitled to 150 men?

A.—Yes.

Q.—And at times they did not get over 50, he says?

A.—I could not just say. I know at times their population ran quite too low, but I could not remember the figures.

Q.—"We, of course, to carry out this arrangement and work up stock on hand had to provide additional material, some of which has not yet arrived, and in the face of this you ask us to discontinue operations by the end of this month. The time allowed is too short. All we ask is for time to use up

material ordered and on hand and to fill orders given prior to termination of contract. If we are not allowed to finish up the loss will be very serious. It was neither for our pleasure or profit to operate shorthanded and to be left at the end with material on hand, goods in process and unfilled orders is, we would suggest, rather a hardship and heaping injury upon injury. We consider that in entering into the above arrangement we were conferring, not receiving, a favor; we assure you it was not to our profit, and would now suggest that a reasonable time limit be agreed upon to absolutely close down the shop. We concede and contend that the arrangement arrived at for operating after the termination of the contract at the end of August was and is altogether apart and distinct from the prices and claims under the contract. You have the right and the might to close us down, but should you under the circumstances do so on such short notice we would be pleased to have this letter laid before the Department and given the consideration to which we think it is entitled. Awaiting your early reply, we are, yours respectfully, Taylor, Scott & Co." I see you sent that to the Department, but the Department said they had to adhere to their resolution.

THE CHAIRMAN: I might explain that this file that was put in from the Central Prison contains all this correspondence.

MR. DEWART: Yes, it contains some letters that we have not got. That is the reason I hadn't it in my brief. They were produced this morning. We did not see them before.

MR. NESBITT: Now, then, you were asked to compare certain items with the items, swelled, I think, they said from \$6,000 up to \$8,000, and from eight to seventeen and from seventeen to nineteen and an award of twenty-one.

MR. DEWART: No, from \$8,000 to \$27,000.

MR. NESBITT: \$8,000 to \$27,000, was it? Have you examined the particulars which were served in the suit?

A.—I have not.

Q.—Are you able to pass any opinion at all upon the quantum of the items?

A.—No.

Q.—You will observe that in January, the 27th, when you were served with certain particulars, that the \$17,000 is put as estimated?

A.—Yes.

Q.—Do you also observe that in the same letter Mr. Taylor says, "The above, as you will see, with the exception of the last three items, that is fuel, time and repairs, is only a rough estimate"?

A.—Yes.

Q.—"As it will require an exhaustive examination of your and our books in order to get at the actual."

A.—Yes.

Q.—This does not pretend and it was so stated to you to be a statement of what when he came down to brass tacks, as it is vulgarly called, or to an accountant looking into the books, his claim might be.

A.—Quite so.

Q.—It was something that was apparent in the rough as he said, "But it will require an exhaustive examination of your and our books in order to get at the actual. This will take considerable time, and may result in their decrease, but as our estimates are, we think, conservative we would confidently anticipate an increase in this."

A.—Yes.

THE CHAIRMAN: That was merely a basis of negotiation apparently.

MR. NESBITT: That seems to be the letter of a man who is saying I have a claim, in the rough I think it is at least \$17,467; it will require an exhaustive examination which can only be done by an accountant. That is correct is it not?

A.—That is correct.

Q.—And that accountant may show a decrease but I anticipate an increase?

A.—Yes.

Q.—That was his attitude. Would it be fair then to say that your early evidence, going out to the public as it was put, as the communication of a man ballooning a claim, adding to it, growing in his imagination, was a fair representation of the claim that was put before you?

A.—I did not put it in that way.

Q.—Do you think the way counsel put it, that that would be the inference he intended the public to draw?

MR. DEWART: I did not put it that way Mr. Nesbitt and I object to your putting what I had to say in that way.

MR. NESBITT: That is not the fair inference is it?

A.—I would not put that inference on it myself.

Q.—It would not be an honest statement of the way Taylor was putting his claim, would it?

A.—I did not take it that way myself.

Q.—It would not be an honest statement?

A.—Oh, no. Taylor is frank in his statement there.

Q.—Then, if any man, after this, on the platform, gets up and says, "This man, with the connivance of the Department, made his claim grow from six to eight to seventeen and then to twenty-seven," that man is not honest if he reads that document that was put in?

MR. DEWART: Can we take that opinion from the Doctor?

MR. NESBITT: Yes.

A.—That is not on the document.

Q.—And that would not be an honest statement of Taylor's position?

A.—Not on that, no.

MR. DEWART: We have no evidence of how it grew. The evidence as to how it grew may develop later.

MR. NESBITT: Both of us can see how it is intended. I would like to get the opinion of an ex-Liberal Member, and a man who has served under four Governments as to the honesty of a man who makes a statement such as is intended to be made.

MR. DEWART: You will have an opportunity to orate later on. Are you giving evidence now?

MR. NESBITT: I would be glad to do that too.

Q.—Now then, let me come to the next item, Exhibit 43. Do you observe on February 16th, when Taylor, Scott & Co. put in their claim, they use this language, following up the same line of thought. "Certain items have of necessity to be estimated. We have no doubt whatever but that we can justify them, and more before any Tribunal, as we consider that they are and have intentionally made them well within the mark." That is when they were seeking to get a settlement.

A.—Yes.

Q.—"We append hereto itemized statement." That is, the \$19,463. "Reserving, however, the right to increase same. You observe that?"

A.—Yes.

Q.—There is no pretence that that \$19,000 is an ultimate claim if they have to go to law about it?

A.—None whatever.

Q.—"Our books are open to inspection by the Department's representatives at all reasonable times." They were throwing their books open to you?

A.—Yes.

Q.—"And we would be pleased if you would accord us the same privilege respecting your and the Department's books and files."

A.—Yes.

Q.—And that was done, was it not?

A.—We gave them every facility to examine our books.

Q.—And no one could arrive at the justice of that claim except with the type of the examination they ask for?

A.—No.

Q.—Unless some one familiar with the matter or a first-class accountant it would take a great deal of time?

A.—Yes.

Q.—And very great expense?

A.—Quite so.

Q.—And even to get at the claim for proof on their side required a great deal of time and searching?

A.—Yes.

Q.—I ask you that, because that was on the 16th of February, and the Petition was lodged, or is dated, I don't know when it was lodged, on the 24th of February. Apparently he found he must have litigation?

A.—Yes.

Q.—He offered not to have a lawsuit at all or to ask the country for any money, if they would give him an extension, which you thought he ought to have?

A.—Yes.

Q.—In the interest of the prisoners? You will observe that on the 16th of February he was saying that he had not gone into your books and was asking leave to go into your books?

A.—Yes.

Q.—And offering to let you into his books?

A.—Yes.

Q.—On the 24th of February when the Petition is dated, the fiat is granted and the lawsuit therefore may be said to have been started on the 11th of March or 13th of March?

A.—Yes.

Q.—It is said that some time elapsed before the litigation became active. Do you know whether for a period of three or four months, productions were being made, searches for papers, and Taylor still asking, asking, asking for settlement?

A.—There was a running fire going on to a greater or less extent all the time.

Q.—You knew all the circumstances up to the 24th of February or up to the 13th of March, when the fiat was granted?

A.—I think I was fairly familiar with them.

Q.—Had that fiat been withheld and they refused to allow him to sue when they had refused an extension, would you have said that the conduct of the Government would have been dishonest as between man and man?

A.—Will you please repeat that question.

Q.—Having refused his extension, having the view that you had of the righteousness of his claim to something, and that that had to be made the subject of inquiry, would you have said as between man and man, if the Government had said "We will not give you a fiat," that that would have been dishonest?"

MR. DEWART: Is not that an opinion for the Committee, and not the witness?

MR. NESBITT: That is absolutely the crux of what we are trying, that this fiat was obtained illegally and corruptly.

MR. DEWART: As to the objects, those are matters we will prove up to the hilt before we are through, but what I say to this is, my learned friend is improperly endeavoring to get an opinion from this witness that must come at the close of the evidence. Dr. Gilmour speaks with reference to facts as he knows them himself. At this stage for my learned friend, before hearing the

evidence to ask an opinion that must come from the Judges and not from the witness is something I submit he should not do.

MR. NESBITT: I am asking him on the facts as he knew them. If they are changed, his statement goes for naught.

MR. DEWART: The facts are not yet disclosed.

MR. NESBITT: The facts as I have read them to him and as he has stated them. On those facts I want his opinion.

MR. DEWART: That is a matter of opinion that the Doctor is not bound to answer, and should not be asked to answer.

THE CHAIRMAN: The Doctor has said he was familiar with the matter, he was convinced that Taylor-Scott had an honest claim and a fair claim, and we know that private interests cannot sue the Crown without leave of the Crown. Now, he is asked would it have been fair treatment, from his knowledge of the case, had the Crown refused an opportunity for the suppliant to go into Court and litigate his claim. I think that is a fair question.

MR. DEWART: But that is not the question my learned friend asked.

MR. NESBITT: Then put that. Answer that as it is put.

THE CHAIRMAN: I am asking you, Doctor, knowing as you knew and being convinced as you apparently were that Taylor-Scott had a fair and just claim, would the Crown have been treating him fairly, to put it mildly, had they refused him an opportunity to go into Court and litigate?

A.—No, they would not. My letter of September first, 1910, makes that very clear.

Q.—Then Mr. Nesbitt goes further and says, having the power to grant that right to litigate, if they arbitrarily refused it, would that be honest treatment towards Taylor? That is, as I understand it, your question?

MR. NESBITT: Yes.

A.—I think that Taylor had a perfect right to go to Court, and should have been accorded the right.

Q.—Then I come to this; if Sir James Whitney and the Honorable W. J. Hanna had to deal with it and refused that fiat, would you have said that it was not honest treatment?

MR. DEWART: That is not a question for the Doctor to answer.

MR. NESBITT: I think so.

MR. DEWART: The Doctor has answered that from the position in which the claim stood, he thought this firm should have a right to litigate. Surely

the Doctor cannot go beyond that. Now my learned friend says, if this had been refused by Sir James Whitney and by the Hon. Mr. Hanna, would that have been honest treatment? That presupposes all the circumstances to be found in his favor, that we shall presently develop, and that must enter into the answer that the Doctor gives, and as to which we have no knowledge, and as to which the Committee has as yet no knowledge. I submit that when the Doctor was not in touch with anything, but as it appears the very fringe of the matter, and when, as we will presently develop, there were circumstances which would place an entirely different light upon the whole transaction, that the Doctor should not be asked to pass an opinion upon a question that postulates the whole issue.

THE CHAIRMAN: Doctor, had this been your own claim, and the Government had the power to say to you we will not pay you any money, although we admit that we owe you some, would you have considered that that was an honest attitude to take?

A.—No, I would not.

MR. NESBITT: The reason I asked the Doctor is that I would like to get the opinion of a Liberal Member of Provincial reputation, who has been in the public service for the last seventeen years, under four Governments and who knows all the facts of this case from end to end.

THE CHAIRMAN: I think that is as far as we need go with it, Mr. Nesbitt.

MR. NESBITT: That is a proper description of you is it not, Dr. Gilmour?

A.—I would not like to say it is that bad.

MR. DEWART: My learned friend seems anxious to orate.

THE CHAIRMAN: Let us get at the facts.

MR. NESBITT: I thought I was getting at the very crux of the charge here, Mr. Chairman. He knows the facts.

Q.—Now then, Dr. Gilmour, you were, I judge from the letter of the 30th of December, 1910, apparently dealing with the subject matter of the extension of time?

A.—Yes.

Q.—It was you that the Minister was looking to for recommendations?

A.—To some extent, and I was very anxious for the extension.

Q.—And apparently he was, was he not?

A.—Well, I think he was in that particular matter largely guided by me.

Q.—You know the type of litigation, so that I ask you again, was the dispute once it was in litigation a thing that could best be disposed of in your view by some accountant?

A.—Only by an accountant, certainly.

Q.—So you think it was a proper case to refer?

A.—Oh certainly.

Q.—An improper case to try otherwise?

THE CHAIRMAN: I would suggest that you continue after lunch.

MR. NESBITT: I have finished. An improper case to try otherwise.

A.—Well, I am not a lawyer. I don't know about those things.

Q.—Not a lawyer. Well, you can thank the Lord for that.

A.—I do.

Q.—That is all, thank you, Doctor.

THE CHAIRMAN: It is now five minutes past one. We will adjourn for an hour.

(Several Members of the Committee): Let us take an hour and a half.

THE CHAIRMAN: No, we will be back in an hour; we are going to work.

(Noon adjournment for one hour, from 1.05 to 2.05.)

BEFORE THE COMMITTEE ON PRIVILEGES AND ELECTIONS.

Toronto, Thursday, April 29th, 1913.

Afternoon Session, 2.30 p.m.

THE CHAIRMAN: Dr. Gilmour is here.

MR. DEWART: Have you any questions to ask him, Mr. Nesbitt?

MR. NESBITT: I think not.

DR. GILMOUR, re-examined by Mr. Dewart.

Q.—My learned friend asked you one or two questions, Dr. Gilmour, with reference to some of the correspondence that was produced this morning. In reference to that letter of December 15th, I see one paragraph my learned friend quoted from the Taylor-Scott letter—"All we ask is for time to use up material ordered and on hand to fill orders taken prior to the termination of the contract." Apparently the term had been extended from the 1st of September and had been allowed to run on?

A.—Yes.

Q.—Was there any communication made to you by Mr. Taylor or by anybody on behalf of the Taylor-Scott firm as to the time that they would require? My learned friend suggested a period of two and one-half years?

A.—I have no recollection of a definite time limit being named.

Q.—Following that letter, can you say whether you had any conversation with Mr. Taylor—he was the practical representative of the firm, I believe.

A.—Yes.

Q.—Can you say whether you had any conversation with him with reference to the time he would require?

A.—Yes. We had conversation on that topic.

Q.—And in it did he mention any specified time?

A.—Well, Mr. Taylor always wished a considerable time.

Q.—Without specifying, do you mean, how much time?

A.—He would be willing to specify, provided the time were long enough.

Q.—I see. But he did not get then a long specification?

A.—No.

Q.—Then when I asked you with reference to the item that was raised on the 27th of January from \$6,000 odd to \$8,000 odd, on the 16th of February, you understood that was the item I was referring to as appearing in the award as having been considered as a claim of \$27,000?

A.—Well, as the documents appear to me it appears to be the same item.

Q.—My learned friend, I thought, was perhaps confusing the issue a little by referring to the \$17,000 and \$19,000 claims as if they referred to that matter. But you understood me as referring to the \$6,000, \$8,000 and \$27,000 items?

A.—Quite so.

Q.—And you have no knowledge of how the \$27,000 item was ever arrived at?

A.—None whatever.

MR. NESBITT: That is shown in the particulars, is it not?

MR. DEWART: I mean to say we have no particulars of that.

MR. NESBITT: It is shown in Montgomery's papers.

MR. DEWART: Pardon me, no. If my learned friend can produce any document from the Government files in which the \$27,000 was ever referred to.

MR. NESBITT: That would not be on the Government files, that would be on Montgomery's files.

MR. DEWART: No. I mean if my learned friend can produce any document from the files of the Provincial Secretary's Department or any Department of the Government in which the \$8,000 item of the 16th February was increased to \$27,000 before the consideration of the claim by the Arbitrator in November, 1911, I shall be very glad to have it.

MR. FERGUSON: It is in the particulars you had.

MR. DEWART: No.

MR. NESBITT: Look and see.

MR. DEWART: I got the particulars this morning.

MR. NESBITT: You know you got some you were calling for Stewart to produce, and then somebody handed them to me as from Montgomery's files.

THE CHAIRMAN: It is exhibit 6. You must have the bill there. The demand is here, but the particulars must be down there.

MR. DEWART: I have not got them.

MR. NESBITT: I do not know, I did not look at them.

MR. DEWART: That is the point I was trying to get first from Mr. Armstrong to see whether the \$27,000 anywhere appeared before the arbitration took place.

MR. FERGUSON: He does not state the amount of it, but he says: "The full details and particulars of this are to be taken from our books on production."

MR. DEWART: Where is the demand for particulars?

THE CHAIRMAN: The demand is here (producing.) That is Exhibit 5.

MR. NESBITT: There are two sets. I think Stewart was not satisfied with the first, and he got them another. This is the item, Mr. Dewart. I asked for the demand for particulars, and I will read it so it may appear in the record. This demand was served, apparently, on the 14th of September. It says: "Particulars of the time when the machinery was shut down for lack of power and during which the suppliant was obliged to pay for prisoners' time and his own foreman large sums of money, and particulars of said sums of money as alleged in paragraph 4 of the petition."

Then Paragraph 6 of the Petition says: "Such particulars as the suppliant has at the present time were supplied by the suppliant to the respondent under cover of a letter addressed by the suppliant to the warden of the Central Prison and dated 16th of February, 1911. The prison record should furnish further particulars hereof." Now, do you know of any further statement that was made up with reference to the matter that is referred to in that paragraph?

A.—This is the \$27,000 item?

Q.—Yes?

A.—No, I do not.

Q.—Therefore, I take it you are unable to express any opinion as to whether \$27,000 was a fair or an unfair charge?

A.—Quite.

Q.—Or as to whether when it was increased to \$27,000 that was an honest or dishonest increase?

A.—I have no knowledge on the subject.

Q.—The prison farm, you say, was started in April, 1910?

A.—Yes, sir.

Q.—What would be the withdrawal of prisoners during that month?

A.—Oh, it would be very slight during that month, but they increased rapidly after that month.

Q.—And if they were slight during April, to what extent had they increased in May?

A.—The first two or three months after we started the farm our average population was about 50, but we rapidly increased that to about 125, and after the first year our average population in Guelph has been about 300.

Q.—Then if slight in May and June it would be comparatively small, running about 50, would you say?

A.—Yes.

Q.—That would simply leave us July and August with a comparative increase under the original contract. The contract expired on the 1st of September, 1910?

A.—Yes, at the end of that contract.

Q.—Can you give me any date in April when the Prison Farm opened?

A.—I fancy about the 10th day of April.

Q.—A little over four months and a half?

A.—Yes.

Q.—What would you say was the average monthly prison population that was withdrawn to go to the Guelph farm?

A.—Well, our population in Guelph—

Q.—During that period?

A.—During that period was over 100.

Q.—And the average during those four months?

A.—I would think so, yes.

Q.—I thought you put it at about 50 for the first two months each month?

A.—Yes, and then 125 after.

Q.—So it would approximate an average of about 100 during the period of about four months?

A.—About that.

THE CHAIRMAN: Nearly five months all but ten days?

MR. DEWART: Yes. I was putting it at four months and a half to give myself the benefit of the doubt.

THE CHAIRMAN: Yes.

MR. DEWART: Then when my learned friend asked you your opinion with reference to the position of affairs when the fiat was granted you were of the opinion that a fiat should have been granted so that the rights and wrongs of the case might be considered?

A.—I was.

Q.—As to any other circumstances, except the fact that Taylor, Scott & Company had, in your judgment, some claim, had you any knowledge?

A.—I had not any intimate knowledge. I had a general knowledge that they had a claim.

Q.—But you had no knowledge of any special circumstances that might affect the Minister or his department?

A.—None whatever.

Q.—You are not an accountant, I believe, but a humanitarian?

A.—I hope so.

Q.—So you cannot speak with reference to the details of the account or what really they were entitled to?

A.—No, I cannot.

Q.—I want to ask you one thing more I overlooked, Doctor. In these productions we got this morning, which I had not an opportunity to look at before, I see that under date of the 7th July, 1910, you refer to a rather lengthy letter that had been received from Taylor, Scott & Co. on the 6th of July, complaining of a number of things, the notice to terminate the contract, shortages and other matters, and in reply to that you say: "I am surprised at its contents, as I am of opinion, and am still of the opinion, that the treatment accorded you has been most generous and the terms of your contract complied with in every respect"?

A.—Yes.

Q.—Would that be a fair statement as of that date?

A.—Well, I am a Government official, and I felt it was my duty always to sustain what I felt to be right on behalf of the Government, and I was doing all I could not to let Mr. Taylor think he had more claims than what he really had.

Q.—And I see under date of the 8th July, Doctor, you again say, addressing the same firm: "I am at a loss to know how you hope to sustain the contentions of your letter, for we have done everything possible and all I think we should have done under the terms of your contract." That letter you would place the same interpretation upon?

A.—Yes. I think any man in my position would have written the same letter.

THE CHAIRMAN: You would not make admissions at any rate, Doctor?

A.—No. I was not going to admit anything.

Q.—No?

MR. DEWART: Then let me read your letter of the 30th December, 1910, which was only produced this morning. See if this fairly expresses your view of the situation at that time. This is addressed to the Taylor-Scott Co.: "The extension of your time after the 1st of September was expressly confined to the working up of material that was then on hand. The labor that you have had since the first day of September will much more than compensate for any shortage prior to the first day of September, if shortage there was at all. The understanding made at the time between you, the Inspector and myself, was that the extension should be confined to the working up of material on hand. In my letter of the 8th December I fixed what I thought should be the limit under our arrangement of 1st September; in fact, immediately following that arrangement I told the Minister everything would be cleared out of the way by the first of the year. You can quite see that for you to go and order more new stuff would mean that there would never be a termination. We cannot have it that way." So far as material and labor were considered, apart from other matters, that was the view you then held?

A.—That was the view.

Q.—There were other items?

A.—Yes.

Q.—“You may take my letter of the 8th December as indicating my position with regard to the matter on the instructions given me at the time. It was left largely with the inspector and myself to arrange with you what would be regarded by all parties as fair, and we did so. The extension of time was wholly to compensate for any claim you had prior to the first of September so as to enable you to fill out such orders as you had a right to take if your contention as to the construction of the contract was correct. If you have taken more orders than your allotment of labor—even on your own contention—would fill, then we are in no way responsible for that.” I suppose you would stand by that now?

A.—Yes.

Q.—I believe some further negotiations looking to the continuing of the woodworking for the purpose of giving employment to such prisoners as you had there did not eventuate in anything?

A.—I fancy, as near as I remember, that was about the date when the contract terminated.

Q.—And the failure to come to a new arrangement was largely due to the fact that under the change of conditions with the Prison farm requiring so many men at Guelph, you had not sufficient unemployed men of the character that they would require to enable them to operate the shop, in your judgment?

A.—Yes.

Q.—I take that from your correspondence as being the view you felt at that time?

A.—Yes.

Q.—But when those further negotiations were taking place in June of 1911, had they any relation at all to the working out of additional time so as to compensate them for losses under the old contract, or was it the new contract you had then in contemplation? Perhaps you would look at your file, Doctor, and peruse your letter of the 2nd of June, 1911. It is a letter to the Honourable the Provincial Secretary.

A.—(Witness peruses letter.)

Q.—Of course, Dr. Gilmour, this was after the fiat had been given, the petition of right had been served, and the matters were at issue between the parties, so I simply wanted to know whether that referred to a new arrangement?

A.—Well, in this letter I simply say that we are unable to give Taylor-Scott the men they require.

Q.—Then apparently at that time there was in contemplation the making of some agreement by the Department with Taylor-Scott whereby they would resume the manufacturing business?

A.—Evidently.

Q.—You recollect that as a fact?

A.—I do.

MR. NESBITT: That is the one you refer to where he offered to do that, and you have all this.

MR. DEWART: No.

Q.—So far as you were concerned you understood the extension from the 1st of September to the end of December was a sufficient extension and justified wiping out of the claims upon the grounds that we particularly considered in the correspondence at the time?

A.—No, I did not put it that way. I think my letter of September 1st, 1910, does not bear that construction.

Q.—You think there was still something that they should receive?

A.—Well, I remember very distinctly at that time that Taylor was pressing for at least one year or more, and it was a case of Taylor always trying to raise the limit.

Q.—I am afraid, Doctor, you will have to explain. The Provincial Secretary won't understand that?

A.—I must confess there are some terms the Committee seem to appreciate.

Q.—Terms that you are more familiar with or those under your control. So you say the gentleman would always—I use perhaps the more proper phrase—would always extend the limit, Doctor. Of course, some gentlemen do not seem to understand the phrase. That will do, Doctor.

THE CHAIRMAN: That is all, Doctor, thank you.

THE CHAIRMAN: *Next witness.*

MR. DEWART: Just one moment, Mr. Chairman. I was just remarking to Mr. Nesbitt about non-production of documents. If you will excuse me a moment!

(After an interval):—

THE CHAIRMAN: I do not want to hurry anybody, but I want to get on.

MR. DEWART: I have been suggesting, Mr. Chairman, as I have had so little time to look at these documents and so many have been produced to-day which I have had no opportunity of looking at before, and certainly during the noon recess could not consider them, and as under ordinary human conditions such as exist at the Central Prison they do not work people too long each day—and certainly two sessions from 10 to 1 and from 2 to 6 would be considered fairly good work—and as we have made very considerable progress to-day, I have asked my learned friend to accede to my suggestion that he let the case stand until 8 o'clock to-night. That will give me an opportunity in the meantime to go over and consider the papers.

MR. JAMIESON: There is a lot of material to go on with this afternoon.

MR. DEWART: I may require to refer to some of these very documents put in to-day, some of which I have not even read, and I do not want to do any injustice to my client. I have done the best I could in the three short days I have had to prepare the case, and with all the additional documents I think

it is only fair that I should have an opportunity to consider them. If you want to sit to-night I have no objection to helping the Committee from 8 to as late as 12 if necessary. I merely ask for an adjournment because of the peculiar circumstances. I find myself with so much matter to digest, which I feel I have not had a sufficient opportunity to digest, and I leave the matter before the Committee in that way.

THE CHAIRMAN: Of course, Mr. Dewart, the Committee made an order specially summoning certain witnesses, and there are witnesses here to-day waiting to be examined. While we want to give you full opportunity to examine all the material produced and to be properly instructed and informed about the matter, at the same time I do not feel disposed unnecessarily to delay the proceedings. It seems to me that we have matter to get on with this afternoon. Whatever view the Committee may have, of course, goes. We must all submit to it.

MR. NESBITT: Say 4.30.

MR. DEWART: That only means the Committee have got to be back here in a little over an hour.

THE CHAIRMAN: I think I may say the Committee will come back anyway to-night if they will accept my advice.

MR. NESBITT: Say 4.30.

MR. DEWART: Under the circumstances it would be almost cruelty to animals.

THE CHAIRMAN: You have never been a member of this Legislature or you would probably think this a short day.

MR. DEWART: I have worked long hours in going over the papers during the last three days. I could not work longer unless you try to put the closure through. Probably I might have to work harder then.

MR. NESBITT: Say 4.30. You could look through some of the papers.

MR. DEWART: Suppose we go on to-night at half-past seven.

MR. NESBITT: Say 4.30. That will give you an opportunity to look through some of the papers.

THE CHAIRMAN: Do you mean to adjourn from now to 4.30?

MR. NESBITT: Yes.

MR. DEWART: Why not adjourn to 8 o'clock?

MR. HARTT: You have witnesses here that you could go on with to-day.

MR. DEWART: I desire to see the effect of the documents on my cross-examination.

A MEMBER: You are not sure they would be of any use if you do examine them, are you?

MR. DEWART: I have never had the same confidence as some gentlemen have; at the same time I am not without hope. I am in the hands of the Committee.

SEVERAL MEMBERS: The Committee is very anxious to go on.

MR. DEWART: We will make more progress in four hours to-night.

THE CHAIRMAN: What has there been produced to-day Mr. Dewart, that you have not had an opportunity of seeing?

MR. DEWART: There is a whole Central Prison File. I have not read that yet.

THE CHAIRMAN: That Central Prison File is not very comprehensive.

MR. DEWART: There are some documents here I have not seen before.

THE CHAIRMAN: I have read that over while listening to you.

MR. DEWART: Some gentlemen have ready ways with them; I am not so fortunate. Let it stand until 8. I will stay until 12.

THE CHAIRMAN: No. The Counsel are not controlling the Committee, Mr. Dewart.

MR. DEWART: I am quite well aware of that, sir; but if you will let it stand until 8 I may respectfully suggest that we will make more progress then.

THE CHAIRMAN: If it is a question of merely going into the Prison File, it contains only a dozen or fifteen letters, all of which I have read in a few minutes here. It seems to me there is no necessity for adjourning until 8 o'clock to do that. I think the Committee will agree with me about that. If it is a question of adjourning for an hour to give Counsel an opportunity to go into and discuss and inform themselves properly as to these papers, probably the objection would not be very serious. I think perhaps the Committee would be glad to have a smoke for an hour while you discuss that matter.

If that is the view of the Committee also, I will be prepared to adjourn for an hour to give you that opportunity, but I would not consider at all the question of adjourning from now until 8 o'clock.

SEVERAL MEMBERS: Say 4 o'clock then, Mr. Chairman.

THE CHAIRMAN: It is now 3 o'clock. We will adjourn until 4 if that be the pleasure of the Committee.—(Carried.)

MR. DEWART: That is a very short time. Say 4.30.

THE CHAIRMAN: An hour may be sufficient.

(The Committee then adjourned accordingly.)

THE CHAIRMAN: Are we ready to go on now?

MR. DEWART: Just one moment, sir.

Well, Mr. Chairman, I would like to call Mr. Armstrong again first.

S. A. Armstrong (recalled), examined by Mr. Dewart.

Q.—Have you got the letters and correspondence relating to the coal tenders and the underfeed stoker tenders and contracts, Mr. Armstrong?

A.—I think I have them all here, Mr. Dewart.

Q.—With the correspondence relating to the granting of the coal contracts?

A.—I think all the correspondence is here.

Q.—And with reference to the underfeed stokers?

A.—Yes.

Q.—Are the contracts there relating to both? I mean to say relating not only to the underfeed stokers, but the contracts that were let for the coal supplies for the different institutions that were referred to in the notice—contracts for coal for the Prisons and the Asylums?

A.—The letters accepting the tenders do not appear to be here.

Q.—That would be what would form the contract?

A.—Yes.

Q.—The bonds as well?

A.—Yes, the bonds are on here.

Q.—But the letters accepting the tenders are not here?

A.—They are not here. That is, in the nature, Mr. Dewart, of a printed form sent out by the Inspector to the contractor, and the unsuccessful ones have their cheques returned and the bond is on the file.

Q.—Are those printed forms of contract there in each case so as to show which tenders were accepted?

A.—Not the printed form. The tenders are all summarized in this and marked as to who is the successful tenderer. These were all set out here for the different institutions. The tenders that were received are summarized here and marked as to the successful tenderer.

Q.—Then are you satisfied?

A.—That read with this gives you the —.

Q.—The information?

A.—Yes, the information.

Q.—Do you not keep the acceptance, or a copy of the acceptance at all which forms the contract?

A.—No. It is all covered by the bond, you see, that they give.

Q.—Is the price shown in the bond?

A.—Yes; it is also in the tender.

Q.—Yes. But what I mean to say is this, have we anything to show in every case to whom the contract was let and the price at which that contract was let?

A.—Oh, yes.

Q.—Apart altogether from the question of tenders?

A.—We have those here.

Q.—What is that?

THE CHAIRMAN: Evidently entered up in your book.

A.—This is a summary of all the tenders received. That, with reference to this and the bond, gives you the prices and all, you see.

MR. DEWART: But does the bond show who was the person to whom the contract was let?

A.—Oh, yes. You see? (Indicating).

THE CHAIRMAN: This shows that R. Nowell and A. B. Mackay of the City of Hamilton were the contractors, and there is the price set out at \$4 *per* ton in that particular contract.

MR. DEWART: Yes.

Q.—Then you are satisfied that in the period named we have all the evidence to show all the tenders?

A.—So far as it has been possible for us to give it. I explained to you this morning that two of the clerks who had this matter in charge in the early stages were dead, and in that way there has been a break in the files, but it is all covered in the summary.

MR. DEWART: Then, Mr. Chairman, before I go on further with the examination of witnesses, I find in view of the documents that have now been brought down, if this file, as Mr. Armstrong says, is complete, that I shall require to have some one go over those matters so I may extract from them information I need for the proper cross-examination of witnesses. These documents are only produced to-day. So far as the correspondence and the book of acceptances are concerned, it will show who was the successful tenderer, but these are matters to which we have had no access before. The matter is one which relates to the charge which has been laid, which relates to the question of the opening and granting of certain coal tenders and irregularities in connection with purchases of certain self-feeding stokers. Now, I am not at present concerned with the immediate way in which the charge is put, but I

have a right to the examination of these papers as to which we have had no opportunity of examining before. They are produced to-day. You will readily conceive that upon the examination, or if not upon the examination, then upon the cross-examination of witnesses with reference to any matters of this kind, it may be of the utmost importance that I should have full disclosure of all that these documents show.

THE CHAIRMAN: I understood these tenders were produced on Friday. Were they not, Mr. Armstrong?

MR. DEWART: Some were produced on Friday, but not very many of these. All these bonds were not produced, the books were not produced. The tenders themselves were produced, but there was not an atom of correspondence as the witness himself admitted this morning.

THE CHAIRMAN: There is this, Mr. Dewart, I was going to say—

MR. DEWART: Yes, Mr. Chairman.

THE CHAIRMAN: That if you looked carefully at the statement made in the House by Mr. Proudfoot there is no charge whatever against anybody in connection with either coal tenders or underfeed stoker tenders, there is absolutely not a word charging anybody with impropriety in connection with that. If you read carefully the charge that Mr. Proudfoot made on his responsibility as a Member of this House, you will see he charges two things, and two things only, as I read the charge: One is the receipt of \$500, and the other is the use of certain threats to improperly procure what he says Taylor afterwards secured.

MR. DEWART: Quite so.

THE CHAIRMAN: There are a great many recitals in this statement, but nobody has seen fit, nor has Mr. Proudfoot seen fit, to make a formal charge in connection with that. So I cannot see that the Committee as a matter of fact are seized of these things or have jurisdiction to go into them. I do not want to obstruct in the slightest degree a full opportunity of examining the department and all the papers in connection with it, but we must have some semblance of order and regularity in connection with this investigation, and if those matters are to be brought before this Committee they should be brought in the proper way. I think you will agree to that. So upon that ground, I do not know why we should ask the Committee to delay matters further to give you an opportunity to go into something which is really not before the Committee.

MR. DEWART: May I make myself a little more plain, Mr. Chairman? It is quite true that one of the recitals is as you have put it, that the said Hanna manipulated the opening and granting of certain coal tenders and that there were grave irregularities in connection with the purchase of certain self-feeding stokers. These being statements—

THE CHAIRMAN: But that is not the charge you are reading. What he says in the statements is that threats that manipulation of tenders had taken place were made, and by means of such threats he procured what he was after. I will go back a paragraph there.

MR. DEWART: This is what it says: "The said George C. Taylor contended that they had a good claim, and insisted on said fiat being granted, and accused, the said Provincial Secretary, amongst other things as follows:—"That he, the said Hanna, had accepted the said sum of \$500 from the said Taylor, thereby leading the said Taylor to believe that his claim would be satisfied, and that the said sum was paid in consideration thereof, and that the said sum was given for alleged political and party purposes, as hereinbefore set forth, that the said Hanna," still continuing, as you say, in reference to the allegations made by Taylor.

THE CHAIRMAN: That is a recital of what Taylor is alleged to have said, not what Hanna is alleged to have done.

MR. DEWART: "That the said Hanna manipulated the opening and granting of certain coal tenders; that there were grave irregularities in connection with the purchase of certain self-feeding stokers, and that the said Hanna had otherwise acted in an improper corrupt and illegal manner," and so on.

Now, what is said by Mr. Hanna in reference to that when he speaks in the House? So that my learned friend may take no exception to the source from which I quote, because he has apparently become a reader of the *Mail and Empire*—

THE CHAIRMAN: What is the object of this?

MR. DEWART: The object of my submission is to show why I should have this delay, and why this is proper evidence.

In the newspaper, which I understand my learned friend now reads, on behalf of Mr. Hanna it is said that with reference to these matters, Mr. Hanna speaks of it as blackmail, that it is blackmail he has been the subject of, and so on. The issue is therefore directly raised by the Minister's remarks as to whether these charges are true or false. And that is a matter of very considerable importance, because you will see that while I may allege that these statements were made by Taylor, if my learned friend upon that statement being made, questions Mr. Taylor as to the truth or falsity of these statements, then the question arises at once, and so far as I am concerned it may become a very important question in chief, as to whether there was good ground or foundation for those charges, because if there was good ground or foundation, then they would operate to still greater effect upon the mind of any man to whom they were made.

Therefore my position briefly stated is this. Although I will fulfil my duty under that clause by showing that these statements were made, as I

propose to prove to the hilt they were made, yet if in addition to that upon examination of these papers and documents, to which for the first time to-day we have had access, if I am able to show they were true—I do not know, I have not had an opportunity to look into them, I do not know whether the man who made them knows whether they are true or not, but surely it is important I should have that opportunity.

THE CHAIRMAN: Are you not thereby enlarging the scope of this inquiry and attempting to introduce a matter that has not been referred to us here for investigation, and which the Committee has no right to act upon?

MR. DEWART: At the bottom of page 5.

THE CHAIRMAN: "I charge." There is the charge.

MR. DEWART: Yes. "I charge the said Hon. Wm. J. Hanna and Sir James Pliny Whitney with illegally, corruptly and improperly causing the issue of said fiat, and entering into the agreement to refer the said claim to the award of the said Thorne, and I ask for the "appointment of a Royal Commission to investigate the conduct of the said parties in connection with the Taylor, Scott & Co. claim, and the statements and transactions hereinbefore detailed."

Now it is quite true that the charge relates to the question as to whether the minds of the Provincial Secretary and the Attorney-General were influenced and moved by the statements that were made; but surely it is an equally important thing for me to see what these documents actually prove, and to see whether, when they are produced and when for the first time we have an opportunity of looking at them, they bear out the charge that was made. It is open to my learned friend to say, and it is the first answer that would naturally arise, "These charges were fictions, they were false." His cross-examination of Dr. Gilmour this morning showed only too plainly the line upon which his mind worked, and there was nothing to operate upon the mind of a reasonable man, such as he deemed the Provincial Secretary to be, and therefore there was nothing he would yield to in the way of these matters.

When he was discussing the question of raising the claim, when he was discussing the question as to whether there was a just claim or not, what was the position he put Dr. Gilmour in as a character witness? He asked him whether so far as these things were concerned there was a just claim of some kind in his opinion, and when Dr. Gilmour said there was some claim, then the inference my learned friend immediately drew was this; the fiat should have been granted, and would have been granted, and there was no need of any threat. The ——

THE CHAIRMAN: Supposing you prove all you have mentioned now, have you not got to show that these threats influenced the minds of the parties charged?

MR. DEWART: I propose to do that, Mr. Chairman. I propose to show that the mind of the Provincial Secretary was very actively operated upon by the threats issued, and that he took some very extraordinary measures subsequently because of the threats that were made; and that being so, the natural answer that my learned friend has to make when I prove those threats were made is that threats are not true. Now, I have got to have examination of these papers to see whether, that defence being raised, there is anything in that particular defence. Not that it may take away the gravamen of the charge, not that it may take away from the Minister the onus that rests upon him, but because I have the right to have that investigation, and I submit that because I have the right to do that, the Committee should give me that opportunity in order that I may have the balance of the day to do it.

THE CHAIRMAN: Of course, this is a matter for the Committee to deal with. My own view does not entirely agree with what you said, Mr. Dewart. In the first place, as I have already pointed out, the matter that has been referred to this Committee and over which we have jurisdiction, and the full extent of our jurisdiction to investigate, is contained in the charges that this fiat was improperly issued, due to threats made, and that the Provincial Secretary received the sum of \$500. Now those are the two clear and distinct charges. The allegations made in the recitals are simply mentioning the threats that were made. I cannot see what authority this Committee has to go into that at all, and so far as my view is concerned—subject of course to the approval of the Committee here—I would say that we have not a right, no matter what our desire may be to clear that matter up, that we have not any jurisdiction to do so, and that the only proper method of doing it is to make the charges clear and distinct in the House. Then the House, from whom we get all our authority to sit here, could give us authority to investigate those things that do not properly come before us in this enquiry.

As to the question of not having had an opportunity to go through these papers—

MR. FERGUSON: All the papers in this connection were produced on Friday at noon.

MR. DEWART: My learned friend is in error. Mr. Armstrong has to-day sworn that they were not.

WITNESS: Pardon me. I have just been going through this file. I had not time to go through these papers carefully when I produced them. But in going through this correspondence I find all the correspondence accepting the tenders on this file.

MR. DEWART: We could not find the tenders on Friday.

MR. FERGUSON: Those files were produced on Friday at noon according to the direction of the Chairman.

MR. DEWART: I have Mr. Armstrong's sworn statement this morning that the correspondence was not there.

MR. CHAIRMAN: I took pains to come to the building on Friday to see they produced all that was required in connection with the coal tenders and underfeed stokers, and I saw that they were deposited with the Clerk according to the direction of the Committee. I saw Mr. Proudfoot there examining them on Friday afternoon as arranged.

But there is this further consideration, Mr. Dewart. These charges involve grave questions. I assume they were made after careful examination of the record and a clear understanding of what they meant. With due deliberation they were made by a member of the House on the floor of the House. They could not have been made hastily. He must have known something of the record, he must have satisfied himself as to the correctness of it. He framed this statement himself. He fixed his own time to make the statement after having what he thought was ample time apparently to make it, and now you come down to the Committee and say, "Although we have done all this we find we have not had time to properly acquaint ourselves with all the circumstances." And you ask the Committee to enlarge the time still further, which, to my mind, is scarcely a reasonable request.

MR. DEWART: I think it is a reasonable request, Mr. Chairman, for this reason, with all deference to my learned friend, Mr. Ferguson. On looking over the papers on Friday afternoon, Mr. Proudfoot and I went over them as far as possible with reference to the Taylor-Scott contract, and we looked over the coal papers and found the correspondence was not there, we could not find any correspondence showing the successful tenderers and the other matters relating to the contract, none of the correspondence that was of importance was there at that time, and Mr. Armstrong himself admitted this morning that that was so. Under those circumstances we could not go into those matters at that time.

THE CHAIRMAN: While you might want ample opportunity to go into all this, supposing you fully inform yourself in relation to everything in the tenders here, there is nothing improper in these things according to these charges. All Mr. Proudfoot says is that he is informed and believes a threat was made; there is nothing improper about it. He does not take the responsibility of saying there is anything improper. No one has taken the responsibility of saying there was any impropriety in connection with those tenders at all. Mr. Proudfoot merely recites the fact that somebody said so. Surely this Committee cannot be called upon here to seriously go into an allegation by somebody who takes no responsibility whatever in the matter.

MR. DEWART: You will see the very charge in the latter part of the last paragraph, as my learned friend remarked, "And I ask for the appointment of a Royal Commission to investigate the conduct of the said parties in connection with the Taylor, Scott & Co. claim, and the statements and transactions hereinbefore detailed." Does not that cover everything?

THE CHAIRMAN: Pardon me right there, Mr. Dewart. Just let us look at this carefully and properly. "I charge the said Hon. Wm. J. Hanna and Sir James Pliny Whitney with illegally, corruptly and improperly causing the issue of said fiat, and entering into the agreement to refer the said claim to the award of the said Thorne." Now, there is the charge.

MR. DEWART: Yes.

THE CHAIRMAN: The balance of it is a request for a forum before which it shall be tried.

MR. DEWART: "And I ask for the appointment of a Royal Commission." To do what? Instead of a Commission we have what has been pointed out by by learned friend's paper, the *Mail and Empire*, as a much more extensive court of enquiry.

THE CHAIRMAN: This Committee will not be guided by the *Mail and Empire*, or any other newspaper. We will use our own judgment in reference to it.

MR. DEWART: I trust that the suggestion of the *Mail and Empire* that this is going to be a more extensive, a fuller, a more thorough and a broader enquiry than some enquiries are is not an unfounded hope.

THE CHAIRMAN: The investigation will go the full limit of the jurisdiction of this Committee.

MR. DEWART: Then is not the jurisdiction of the Committee to investigate what Mr. Proudfoot moved, seconded by Mr. Bowman. There is the motion:—That a humble address be presented to His Honor the Lieutenant-Governor, praying that he will be graciously pleased to issue a Commission directed to two Judges of the Supreme Court of Ontario to enquire into and investigate the charges set forth in the statement made this day to this Honourable House, by Mr. Proudfoot, the member for the electoral district of Centre Huron, and all matters and things which in the judgment of the Commissioners relate thereto affecting the same, and the said Commission shall confer upon the Commissioners the power of a public enquiry.

Upon Sir James Whitney's motion that was amended to leave the matter to the Committee on Privileges and Elections; but surely it is all matters relating thereto. Is this going to be a thorough house-cleaning or not? Is the Committee going to let us go into this and see what coal tenders and underfed stoker tenders—

THE CHAIRMAN: I am sure that not only the Committee but the House will be willing, if you adopt the proper procedure to get this before the Committee. But there is no use our attempting what would be entirely abortive and useless, to investigate something that is not before us at all. Supposing for

a moment that Mr. Proudfoot took the position, as he practically does there, that somebody said there was something wrong with these coal contracts that the Committee should investigate. Nobody takes the responsibility of that charge that there is anything wrong. You do not mean to tell me that on hearsay evidence of that kind that may not have any foundation you are going to ask us to take that up and deal with somebody who takes no responsibility here?

MR. DEWART: Let me point this out, Mr. Chairman. Mr. Proudfoot has said upon his own responsibility that certain statements were made to Sir James Whitney and the Hon. W. J. Hanna, that there were irregularities in connection with these coal contracts and these underfeed stoker contracts. That person is well known to this Committee. Does not this Committee want that traced back to its source? Do they not want to have their skirts cleared of any possible implication, even if the charge comes from George C. Taylor to Mr. Proudfoot in this way? I want on behalf of Mr. Proudfoot—I say it deliberately—I want to give Sir James Whitney and the Hon. W. J. Hanna an opportunity to clear their skirts, not only of the charge Mr. Proudfoot has made to-day and has made in the House, but also of the charge that was made to these men, and upon which we say with other circumstances they were induced to grant this fiat.

THE CHAIRMAN: Well, Mr. Proudfoot—

MR. DEWART: Do they want that opportunity?

THE CHAIRMAN: Pardon me a moment, Mr. Dewart. Mr. Proudfoot, besides being a Member of the House, is a lawyer. He drew this document evidently after careful deliberation, and he knew perfectly well what he was doing at the time. It shows that on the face of it. If Mr. Proudfoot was desirous of having these matters investigated, it was very easy for him to add to the charges he made. I do not think this Committee is called upon or has authority to investigate these allegations for which nobody takes any responsibility. That is my own view. Of course, if some gentleman does not agree with me he has an appeal to the Committee. I want it clearly understood that this is not an attempt to burk the investigation or to prevent anybody getting the fullest opportunity of securing all the information they can, but we must proceed regularly, and we must have the proper authority to proceed, and as I understand the procedure, as we sit here to-day we have not authority to go into anything of that kind. Other Members of the Committee may think differently. If they do, why, of course, the Committee has the decision in such matters as these.

MR. DEWART: You are aware, Mr. Chairman—pardon me for interrupting again—but the motion referred to “all matters and things which in the judgment of the Commissioners relate thereto.”

THE CHAIRMAN: I have just before me a copy of the statement and the charge, Mr. Dewart, and I have read them over very carefully many times and

considered it, and as I said a moment ago it seems to me that if it had been the intention to make any charges of this kind we must assume that Mr. Proudfoot thoroughly understood the matter and had ample opportunity of making the charge. You see, if we go on and investigate things for which Mr. Proudfoot does not take any responsibility, you are not only unfair to the people charged, but unfair to this Committee and to the House.

MR. DEWART: Why should I not have an opportunity, Mr. Chairman, of preparing myself for what may be the obvious answer? That is my position.

THE CHAIRMAN: It may be the obvious answer to what, Mr. Dewart?

MR. DEWART: To the suggestion that these statements were made. I propose not to rest merely with the charges made by Mr. Proudfoot, but I propose to put in the box the man who made these statements and these threats, and when he is put in the box we shall see whether they are true or false.

THE CHAIRMAN: The man is here; he is subpoenaed at his request.

MR. DEWART: I want to investigate and see what is in these papers. I am unprepared to re-examine that man if he is cross-examined upon that line. Is that a fair position to put Mr. Proudfoot in?

THE CHAIRMAN: Mr. Taylor, I presume, is the man referred to. He is here, subpoenaed at your request. He is available for your examination.

MR. DEWART: Yes, he will be examined.

THE CHAIRMAN: That will be my ruling in the matter. I think we should get on with some evidence that is germane to the issue here.

MR. DEWART: Do I understand that to be your final ruling in the matter?

THE CHAIRMAN: That is my ruling, Mr. Dewart, subject, as I said, to the approval of this Committee. The Committee are the final Court of Appeal in matters of this kind.

MR. BOWMAN: As a Member of this Committee I feel that the request of Mr. Dewart is not an unreasonable one. The number of documents and letters and one thing and another in connection with this matter are very voluminous, and I think in the interests of everyone concerned that the request of Mr. Dewart should be granted and he should be given ample opportunity of going through these matters. Probably if he is given that privilege by the time he has got through every Member of the Committee will be satisfied that that is the proper course to pursue, and I would desire to press respectfully that Mr. Dewart's request be granted. If necessary I move to appeal from your ruling.

THE CHAIRMAN: That makes the issue clear, gentlemen.

MR. ELLIOTT: Mr. Chairman, before that is put, if I might be permitted a word. I must say that I have been impressed with the seriousness which surrounds the charges, and I believe that every honorable Member of this Committee is similarly impressed. We all know that in regard to matters involving a very large amount of account, and extending over a number of years, embracing tenders of various amounts and correspondence relating to the various tenders, that it is not an easy matter for counsel to become thoroughly familiar with details of this kind in a day or two. When counsel are retained, counsel such as are engaged on a case of this kind, they are not idle and able to give all their time to the case for the next day or two for the preparation of the particular case upon which they are retained. I know that it is the wish of this Committee to give all possible, reasonable opportunity of looking into these papers, and I submit with very great respect, Mr. Chairman, that the answer made by you, that the client of the counsel has had a number of days in which to give him an opportunity to look into this is not an answer at all, because no counsel can examine witnesses upon knowledge that his client has. I very respectfully wish to suggest that the proceedings of the Committee would be facilitated and matters would be expedited if instead of arguing these matters counsel is given the opportunity desired. Counsel are usually given the opportunity of saying whether or not they are prepared to go on, and that suggestion coming from a counsel in almost every Court in the land is met with a great deal of consideration, and I know it will meet with serious consideration from this Committee. I am sure that delay is a serious matter for all of us; it is a serious matter to be kept here day after day, but are we making progress by insisting on going on in the face of the statement of the counsel? I think you will agree with me that the counsel is not making an unreasonable request. Are we making progress, I say, by insisting on going on in face of the statement of the counsel that he is not prepared to go on? Now, I do not wish to take up the time of the Committee with any remarks; I do not wish to make any statement with regard to any views I may hold in respect of these particular documents. I have not had an opportunity of looking at them; counsel are doing that, and I submit that they are the only ones who can do it. Therefore, while I am prepared to second the motion of my honorable friend, still I hope, Mr. Chairman, that on consideration it will not be necessary to bring this matter to a motion. I would ask you, sir, very respectfully to take the advice of some Members of the Committee and with your own good judgment in the matter not to press counsel under the circumstances.

THE CHAIRMAN: You remember, Mr. Elliott, that on Thursday, I think it was, we discussed the matter of when we would open this investigation. It was suggested Friday, Saturday, Monday and Tuesday. Tuesday was accepted by Mr. Proudfoot, and we were assured that he would have ample time to go on. I pointed out at that time that if this matter were delayed until Tuesday, with the few days at our disposal, it would involve the necessity very likely of sitting practically continuously. That was well understood, I think, by every Member of the Committee. These papers were according to arrangement to be produced on Friday afternoon, and they were produced; and aside from what may be said to the contrary, it seems to me that Mr. Proudfoot in making these charges must have done so on some information; he must have known some-

thing about the matter he has undertaken to deal with in this way. He fixed the time himself for going on with the investigation, he framed his own charges, and at his own proper time brought them down in the House. They have been referred to us to deal with; that is, the charges made have been referred to us, because we cannot deal with anything else but the charges. In view of that I cannot see that anybody can say that either Mr. Proudfoot or his counsel have been taken by surprise, or that they are being unfairly treated. It is far from my mind that they should be unfairly treated. I wish to extend not only every courtesy, but the fullest opportunity for them to prepare their case and deal with it to every advantage from their standpoint.

But there is this further feature that seems to me is the crux of the whole situation. Assume they go through all this material, is it evidence before this Committee after you have acquainted yourselves with all the facts? To my mind it is not evidence, and it is not admissible before this Committee, and it seems to me it does not take a lawyer to convince himself of that. Any layman on the Committee has sufficient intelligence and grasp of the meaning and the nature of these statements to see himself that there are no charges before us at all in connection with underfeed stoker contracts or coal contracts or any other sort of contracts, that the sole charge deals with the fiat, the improper use of it, and with the receipt of the sum of \$500.

Now, in view of that and the importance of the fact that thirty or thirty-five gentlemen are sitting here waiting the convenience of counsel, it does not seem to me that we should delay this proceeding. In view, further, of the fact that we have here two witnesses who, I understand, are both present, Mr. Taylor and Mr. Thorne, awaiting examination—and Mr. Stewart—three witnesses ready to be heard, I cannot understand why there should be any reason for delay, and therefore I rule that we should continue the investigation.

From that ruling there has been an appeal by Mr. Bowman and Mr. Elliott, gentlemen, and the question is, shall the ruling of the Chair be sustained?

MR. MUNRO: As a Member of the Committee, I would just remark that a great many of us have come a great distance, and this is a matter that the public is concerned in as well as Members of this Committee. The general opinion is that this matter proposed to be investigated should be investigated fully and fairly, and I think in the face of the request made by counsel that he is not prepared to go on with it this time should be granted. I am well aware that a great deal of what you say is correct. I was at the meeting that was held here when it was admitted that perhaps that would be ample time to prepare the case, but the counsel who was handling the case for Mr. Proudfoot did not happen to be here, and it is at his request that the delay is asked, and I do not think it an unreasonable request in face of the serious charge.

THE CHAIRMAN: What counsel do you mean, Mr. Dewart?

MR. MUNRO: Yes.

THE CHAIRMAN: Mr. Dewart was here on Friday afternoon.

MR. MUNRO: I have reference to the meeting you referred to before when Mr. Proudfoot said he could possibly be ready at that time. I think that to do justice to the parties that are accused, as well as to Mr. Proudfoot, this delay should be granted, for I think it is doing an injustice to any man not to grant the fullest enquiry. If the charges are not correct they will have an opportunity to prove that they are unfounded. Therefore, I believe we should grant this time. I do not think it is such a serious matter to the gentlemen who are present here; I think they can well afford to remain another day over if it is necessary to do so.

THE CHAIRMAN: Gentlemen, the question is before you. My ruling is that we should not adjourn with the available testimony we have in the room, with the material we have to continue with, and there is an appeal from that ruling. Shall the ruling of the Chair be sustained?

(The vote having been recorded):—

The result is the ruling of the Chair is sustained.

Now, gentlemen, if you will proceed, please.

MR. DEWART: Well, Mr. Armstrong, you produce a number of documents here. Just let us start with them and see what they contain. Give me the first of the stoker contracts. We will have to find out from the Committee what we cannot find out otherwise, I suppose. Is this the stoker contract?

A.—Yes.

Q.—Which is the first stoker contract in point of time? The sooner we get them analyzed the better.

THE CHAIRMAN: I think, Mr. Dewart, you are proceeding to evade the ruling of the Chair just at the expense of the Committee's time.

MR. DEWART: No. I propose, Mr. Chairman, to have these documents filed now and know where we are at, and I am simply asking so each one may be tabulated and filed to see what relate to these matters.

THE CHAIRMAN: As I view this matter, whatever information in reference to these coal contracts may be produced is not covered by any charge that is made before this Committee.

MR. DEWART: I am simply desiring, Mr. Chairman, to tabulate these documents and have them upon the record. I am not going into their details further than to tabulate what relates to the different matters.

THE CHAIRMAN: I do not know, Mr. Dewart, but I do not think the Committee propose to sit here and hear a lot of documents tabulated, any more than I propose to sit here and hear newspapers read.

MR. DEWART: I have the right—

THE CHAIRMAN: Pardon me. You have the right the Committee accord you that any other counsel has before this Committee, and while we propose to extend to you every right and courtesy, at the same time I do not propose that the privileges accorded counsel shall be abused by any of the counsel before the Committee, and I do not propose to sit here or permit the Committee to sit here for the purpose of your reading a lot of irrelevant material that can in no way be brought before this Committee in evidence. That is my view of it.

MR. DEWART: I do not propose to make any improper use of any privilege or any right I have, but I deem it my right, these documents having been produced under special order, to have each one referred to. I do not desire to read the documents, but I desire to have them on file to see what each one refers to and have them tabulated, and in no other way can I know what they refer to. I have had no opportunity to go over them. I only propose to go over them to have on the record what each document contains relating to the matter, be it coal contracts or underfeed contracts, and I think, Mr. Chairman, that I am quite within my rights in doing so.

THE CHAIRMAN: Assume, Mr. Dewart, for the moment, your point of view, that you discover some impropriety or something radically wrong if you like in some of these contracts, and you purpose getting it read into the record before this Committee, that is a matter with which we have no jurisdiction to deal, we have entirely nothing to do with that, and that cannot be properly before this Committee. The evidence that ought to go upon the record must deal with the charges which we are to-day considering, and not with all sorts of collateral and irrelevant matters.

MR. DEWART: Well, Mr. Chairman, you will see here is a document produced. I want to ask simply what this relates to so far as underfeed stokers are concerned. I find here, so far as the Central Prison is concerned, it is a contract with reference to stokers for that Institution, apparently for four stokers at the price of \$3,800. I want that filed under its appropriate number as an exhibit. Surely I have the right in that way? I am not going into their contents.

THE CHAIRMAN: I cannot see that I can change my ruling, because that is tantamount to altering the ruling which has been confirmed by the Committee. I have ruled, and the Committee sustained my ruling, that evidence as to these contracts is not relevant or germane at all to the issue we are here to consider.

MR. DEWART: I did not understand the ruling so. I understood the ruling to be that I was not to be allowed time to look into them. That is what I asked.

THE CHAIRMAN: I said in passing that that was my reason. If you want my ruling again I will give it.

MR. DEWART: No. I ask to put each of these on file as an exhibit, and I have the right to do so.

THE CHAIRMAN: I do not think you have.

MR. DEWART: If I ask for the production of certain documents and desire to have each one filed for the purpose of identification and use later on as exhibits, surely, Mr. Chairman, I have the right to do so. The use I may desire to make of them later on is another thing. You have denied me the poor bone of looking over these papers to know their contents.

THE CHAIRMAN: I do not propose to let you get away with that. That is not a fair way to give it to the public and the press, that you have been denied any rights you are entitled to. You had the opportunity if you desired to examine into these documents and your client fixed his own time. You were there at the time appointed and you have had opportunity to look over them.

MR. DEWART: I was there at the time, but all the papers were not there. I spent the afternoon there after I got notice. I spent the whole of the next day in going over the productions I could get and I came back on Monday and spent yesterday afternoon and stayed there to work at the underfeed stoker contracts. Why do we do that? Why do we make this objection now?

THE CHAIRMAN: Mr. Dewart, the requisition that was passed by this Committee the other day covers this:—

“That there be forthwith produced and filed with the Clerk of the Committee for the inspection and examination of any Member of the Committee or of the parties or counsel represented in the proceedings before the Committee, all books, papers, documents, correspondence, telegrams, vouchers, cheques, and other documents in the custody or possession of:—

1. Secretary of the Public Accounts Committee of the House;
2. The Department of the Provincial Secretary;
3. The Department of the Attorney-General;
4. The office of the Prime Minister;
5. The officials of the Central Prison;
6. Any Department of the Government or Government Institution;
7. Solicitors and counsel for the Government in the Taylor-Scott dispute;

in reference to”—and it goes on and deals with all these matters. If that were done here, and you are going to ask the Committee to sit while you detail them and file them as exhibits without in any manner relating them to the matter in hand, why, we would be here two weeks.

MR. DEWART: My answer is twofold. If you turn over leaf after (a), (b), (c), (d), (e) and (f), on page 11, you will find the following:—

“Also all books, papers and documents relating to the coal tenders and contracts for self-feeding stokers in the Department of the Provincial Secretary

from January 1st, 1905, to January 1st, 1913; and all books, papers, documents, receipts, vouchers, cheques and other memoranda of every nature and kind in any Department of the Government relating to any of the matters aforesaid."

THE CHAIRMAN: Quite so.

MR. DEWART: There are those documents brought down under your order.

THE CHAIRMAN: Why? Because the Committee are desirous of assisting and facilitating in any possible way, and we produced anything you asked for, or any witness, but when you put a witness in the box we do not let you through him give evidence outside the scope of this Committee's jurisdiction or to file any document you may choose to load up the files of this Committee with.

MR. DEWART: I ask you this. These documents are produced. I am not now asking to take them up and inspect them, but I am asking that each one be marked with an identification number so it will be ready and available to be referred to later on.

THE CHAIRMAN: They will be all available. They could not be more available if they were marked. They are still in the hands of Mr. Wilkinson, because they will be there anyway, and whatever opportunity you will have to examine them after putting them in the way you are doing you have at present.

MR. DEWART: I submit I have the right to put them in as exhibits.

MR. FERGUSON: You propose to make them evidence too.

MR. DEWART: No. If you choose to mark them with an identification number so I may have a record of what each one is in detail. For instance, this contract for the Central Prison for \$3,800, Exhibit A.

THE CHAIRMAN: What is the object in marking them?

MR. DEWART: So it will be easy to refer to them as being the filed documents before this Committee.

THE CHAIRMAN: They are produced but not filed.

MR. DEWART: How else am I going to identify what was before this Committee?

THE CHAIRMAN: You have had the opportunity since last Friday to go to the Clerk of the Committee and examine them at any time, and you still have that opportunity.

MR. DEWART: Mr. Chairman, it was a human impossibility for one man to examine the two bushels of papers put before him since two o'clock Saturday afternoon.

MR. LENNOX: How is it going to help you to tabulate each one? It won't put you in any better position.

MR. DEWART: I want to have them marked as documents under the control of this Committee, which I have the right to examine.

THE CHAIRMAN: They are now under the control of this Committee, and you have the right to examine them.

MR. DEWART: I ask you to mark them.

THE CHAIRMAN: They are produced under order of the Committee and are in charge of the Clerk of the Committee, and no one is going to run away with them.

MR. DEWART: Why may I not have each one marked with an identifying number?

THE CHAIRMAN: I do not see any use in taking up the time of the Committee in such a way. We would be here all night.

MR. DEWART: I thought to save time this morning by putting in a bundle of papers and marking them, but I found twenty papers formed the exhibit.

THE CHAIRMAN: We corrected all that; we indexed them.

MR. DEWART: I will be content with this, Mr. Chairman. May I have an undertaking from you that this other bundle of papers will be indexed and attached together?

THE CHAIRMAN: Do you mean you want a list of what these contracts are?

MR. DEWART: Yes.

THE CHAIRMAN: They are right there in that book.

MR. DEWART: I want each one numbered so that I can refer to each one by a number or letter.

MR. NESBITT: I do not want to interrupt my learned friend. He will please do me the credit of saying that I never do interrupt him.

MR. DEWART: Pardon me. I did not get your last remark.

MR. NESBITT: But may I draw this to your attention, that since this matter was first discussed in the House up to the present time, with all the information before my friend, Mr. Proudfoot, upon which he must have based his charges—because we all know the responsibility that attaches to a Member of the House making charges—there has not been a tittle of a suggestion of any underfeed stoker, contracts or any coal contracts about which there is the least impropriety or irregularity. Now, is it not perfectly monstrous that we are to sit here and go through years of these matters when there is not a suggestion of anything more upon the record than that an angry gentleman said in effect, “Your whole Department is rotten”? It is not pretended to be founded upon any personal information by him, or upon any suggestion of any item whatever. I merely draw the attention of the Committee to that fact to show that the country made a great mistake when it did not return my learned friend here to lead the opposition and to justify the closure.

MR. DEWART: Mr. Chairman, do you still deny me the right to have these put upon the files?

THE CHAIRMAN: I still deny the request you make, which I think is not a right. I think really—I was going to say it is an outrage on the intelligence of the Committee, but it seems to me it is a reflection on them to ask them to sit here and allow these things seriatim to be filed one after the other when there is no evidence to show in any way any suggestion that they have anything to do with this investigation, and as I have already told you, the opportunity is available for you, I did not think of it at the moment, but all these things are scheduled in this book, and if that is all you want to identify them and render it a little easier to expeditiously examine them the books are available and everyone can be identified quickly and looked into. I do not think our time should be taken up with this sort of thing at all.

MR. DEWART: Can they be indexed so there will be a list?

THE CHAIRMAN: I will see that the Clerk, or whoever has charge of them, will put them in the best possible condition so you can examine them conveniently.

MR. DEWART: And they will be in the hands of the Clerk?

THE CHAIRMAN: They will not be out of his hands except when the lawyers are under my eye. Now, after that relaxation, let us go on and do something.

MR. DEWART: I cannot go on, Mr. Chairman, until I have had an opportunity of going into those papers.

MR. MCGARRY: Mr. Chairman, I understood a little while ago you ruled that this evidence was inadmissible on the charges. The Committee have all agreed on that. We are asked to come here and try two charges made by Mr. Proudfoot on the floor of the House. There are no charges in respect to these matters, and what my learned friend, Mr. Dewart, wants to go into all this

correspondence for to sustain his charge is a mystery to the Members of the Committee. I understand there are two witnesses here. If they know anything of the charges they should be called. If they do not know anything about them they should be let go.

THE CHAIRMAN: Did I understand you to say, Mr. Dewart, that you were not going on?

MR. DEWART: I say I am not prepared to go on because I have not had an opportunity to go into these matters. I ask, in view of the fact that you will not let me go into them, the indulgence of the Committee to be allowed until the morning to prepare my case further; that is, I cannot proceed further on that line.

THE CHAIRMAN: Of course, there is this always to be said, gentlemen, that it is the Committee that is investigating this matter. We have witnesses here, and we can hear what is to be said regardless of counsel even, although I do not want to adopt any such course as that.

MR. DEWART: I am well aware, Mr. Chairman, of the rights of the Committee. I do not need any threat of that kind.

THE CHAIRMAN: Pardon me. I am not making any threat at all; I am merely making a suggestion to the Committee. It does not call for any such comment in my view.

MR. DEWART: All I can say that, being responsible as counsel in such a serious investigation as this, having been alone except since Mr. Elliott came into the case this afternoon, and my learned friend has been so well fortified this morning and afternoon, I do suggest and ask the Committee in all fairness to allow me until to-morrow morning to prepare myself properly to handle the case I propose to represent. If the Committee do not feel they can grant me that as a right, then I ask it from them as an indulgence.

THE CHAIRMAN: Gentlemen, what have you to say to Mr. Dewart's request? I do not want you to forget the fact that we have brought witnesses here, some of them at the request of Mr. Proudfoot.

MR. BREWSTER: Have these papers, Mr. Chairman, anything to do with the charge we started to investigate this morning of the wrongful issue of a fiat?

THE CHAIRMAN: Absolutely nothing to indicate that they are in any way connected with this investigation—absolutely nothing.

MR. BREWSTER: Why cannot we go on and finish the charge we dealt with this morning, that the fiat was illegally and corruptly issued? Why shift to another charge?

MR. DEWART: In answer to my learned friend, Mr. Brewster, all I can say is this, I thought I had sufficiently indicated in connection with the granting of the fiat that there were questions raised which I thought might make it important to investigate these matters, and that was the reason why I asked for the delay.

MR. LENNOX: Mr. Dewart, there is a witness here by the name of Thorne—

MR. DEWART: I know.

MR. LENNOX: Would his evidence in any way be associated with these coal tenders?

MR. DEWART: I have reason to believe that it becomes of importance, and I shall be glad if the Committee can grant me that indulgence, Mr. Chairman.

THE CHAIRMAN: Well, I regret that I am not able to accede to your point of view.

MR. LENNOX: Mr. Dewart called his witnesses. Let him call these other witnesses, and if he finds he cannot get on then he can make his application, but surely he can take up an hour or two with Taylor and Thorne, so we will not lose the whole afternoon.

THE CHAIRMAN: I do not wish to direct the way counsel should conduct his case at all, but I do think the Committee are entitled to be given something to do after remaining here. The Committee is the forum before which this matter is to be investigated, and we have witnesses sitting here waiting to be heard, witnesses subpoenaed by Mr. Dewart, and I cannot understand why they are not called. Do you propose to call those witnesses?

MR. DEWART: Yes, I propose to call them, but I do not want to call them to-day for the reasons I have stated. I see, however, Mr. Chairman, that I have no option. I will call Mr. Thorne.

L. E. C. THORNE, SWORN. Examined by MR. DEWART.

Q.—What is your occupation, Mr. Thorne?

A.—Manufacturer.

Q.—Manufacturer of what?

A.—Woodenware.

Q.—Woodenware?

A.—Yes, sir.

Q.—And where is your place of business?

A.—Palmerston.

Q.—What is the name of your firm?

A.—Taylor, Scott & Co.

Q.—And who are the partners in the firm?

A.—H. M. Perry and myself.

Q.—Mr. Perry having been formerly the Secretary of the Taylor, Scott Co. at Toronto?

A.—Not Secretary, sir. He was connected with the Company.

Q.—Bookkeeper, Accountant?

A.—At first as bookkeeper, later as manager of the company, or assistant manager.

Q.—He is related to you, I believe, is he not?

A.—Not at all.

Q.—I understood he was. Are you a native of Canada, Mr. Thorne?

A.—I am not.

Q.—When did you come to Canada first to take up business here?

A.—I came here first in 1905 to enter the employ of the Ontario Government.

Q.—Where had you been before that?

A.—Previous to 1905?

Q.—Yes.

A.—In Michigan.

Q.—Whereabouts in Michigan?

A.—Port Huron.

Q.—And what was your occupation there?

A.—Accountant.

Q.—Had you had previous experience as an accountant, Mr. Thorne?

A.—Yes, sir.

Q.—To what extent?

A.—Some three or four years; four years about.

Q.—Four years before?

A.—About.

Q.—About four years before. And prior to that what business had you been engaged in?

A.—Teaching school, for one thing, teaching the theory of accounting at school. The four years I speak of was practical experience; previous to that I was doing theoretical work.

Q.—Port Huron is across the river from Sarnia, where Mr. Hanna lives?

A.—Quite right.

Q.—Where did you meet Mr. Hanna first?

A.—In 1905, when I met him personally.

Q.—In Port Huron or in Sarnia?

A.—In Sarnia.

Q.—And how was it you came to Toronto?

A.—At Mr. Hanna's request.

Q.—To undertake what work?

To look into and reorganize the accounting and some other systems in connection with the Department.

Q.—You were at that time a resident of Port Huron?

A.—I was.

Q.—You have not been prosecuted under the Alien Labor Law yet?

A.—No, sir.

Q.—Then coming to Toronto in 1905 what particular work was assigned to you, or what were your particular duties in connection with the Government here?

A.—Reorganization of the accounts of certain sections of the Provincial Secretary's Department.

Q.—Just explain more fully, because I want to know the extent of your work and your connection with the Department?

A.—It was first arranged that my duty should be relative to the cost of maintenance of inmates of the various institutions and such other matters as the Provincial Secretary might think necessary for him to have a proper accounting form. That later involved of course the Central Prison industries and for some months practically my entire time was devoted to that, the other matters being left in abeyance until that was finished.

Q.—I see. Then there was a time when you took over the Central Prison industries as practically your whole work?

A.—There was.

Q.—How long was that after you came here?

A.—Very shortly, a few weeks.

Q.—And had you anything to do with the organization so far as the Government side was concerned of the wood-working business that Taylor, Scott & Co. took over in September, 1909?

A.—I do not get the import of your question.

Q.—Had you anything to do with the organization of that business, the way it should be run, or the arrangement of the contracts?

A.—I had considerable to do with the arranging of the contract with Mr. Taylor, yes, sir.

Q.—Acting on behalf of the Government?

A.—Certainly.

Q.—Just tell us of the part you had in the arrangement of the contract for the Government?

A.—Practically all of it, with the exception of putting it in its legal form.

Q.—Did you, on behalf of the Provincial Secretary, negotiate the details with Mr. Taylor?

A.—I did.

Q.—And you had a thorough knowledge of the contract and what its terms and conditions were?

A.—I had.

Q.—Was a copy of that contract put in?

MR. NESBITT: Yes.

THE CHAIRMAN: Before the Public Accounts Committee.

MR. DEWART: (Handing contract to witness) Unfortunately, Mr. Thorne, the original contract is not forthcoming, but I see that the contract was dated the 30th day of July, 1905, and executed by Edward R. Rogers, as Inspector,

I take it, of prisons on behalf of the Government, and by Taylor, Scott & Co., through George C. Taylor, you yourself being the witness to the execution. You recollect that fact?

A.—That was right, yes sir.

Q.—Then at the time when that industry was organized or taken over by that Company, did you devote your whole time and attention to that particular business?

A.—Not my whole time, nearly so.

Q.—What were your duties and what was the work you did in connection with that industry?

A.—After taken over by Taylor, Scott & Co.?

Q.—Yes.

A.—As the contract was originally drawn it was contemplated that payments should not be made at so much *per* hour, although there was a minimum and a maximum payment fixed—the reading of the contract will show—but it was based rather upon a sort of piece work system, and it involved considerable work, and for some time I was busy working out a proper system having that satisfactorily recorded so that there could be no question of the amounts payable under the contract. That was later changed to a flat rate.

Q.—Will you point out the clause that embodied the earlier understanding?

A.—I take it this is a copy. It appears to be.

Q.—It is produced as such. It is a poor thing, but it is all we could get.

A.—It is on page 5, part of clause 14.

Q.—Yes. “The Company agrees to pay,” and then the rates are given so many cents *per* dozen for the different classes of articles that were to be manufactured?

A.—Yes, sir.

Q.—With the guarantee that they should give a revenue to the Government of 3 cents *per* hour, and if there was a less amount the Company was to make it up. So part of your duty would be to see the Government received the amount they were entitled to under that Section 14?

A.—Yes.

Q.—Had you other duties in connection with that contract?

A.—There were certain—I do not remember the details of this very well, but I can give you a general idea of it—there were certain goods in process of manufacture at the time it was taken over.

Q.—Yes.

A.—There was certain work that had to be finished on behalf of the Government by Taylor, Scott & Co. There was a considerable amount of material purchased.

Q.—Purchased how?

A.—The shop had formerly been operated by the Government, and they had certain materials in the raw state and finished state that were purchased under the contract.

Q.—Did you value them?

A.—I valued some.

Q.—There was a lot of lumber there?

A.—I did not value that.

Q.—Who valued that?

A.—Alderman —— I forget.

Q.—McBride?

A.—Yes, Alderman McBride.

Q.—Have you any record to show what that brought?

A.—No.

Q.—Your opinion was not asked as to the sale of that lumber?

A.—My opinion was not asked as to what?

Q.—As to the sale of that lumber, the price it should realize?

A.—I do not remember it was. I think I preferred that someone who was a higher or better authority than I should go into that.

Q.—Someone you thought was a better authority?

A.—Yes.

Q.—Then are there any other duties in connection with this contract you had to perform?

A.—I do not recall any to mind just now, there may have been.

Q.—Then this would take you out to the Central Prison practically daily during the progress of the work there?

A.—Two or three time a week, sometimes oftener.

Q.—And the rest of the week were you at the buildings?

A.—Not always, I was interested in some work at the Toronto Asylum, Mimico, and several other Asylums throughout the Province, and the Mercer Reformatory and a few others.

Q.—And you were paid during that period how much by the Government *per annum*?

A.—\$200 per month, \$2,400.

Q.—During what time did that employment by the Government continue?

A.—To the middle of 1907. I cannot say just when, June or July.

Q.—And then what happened so far as your employment was concerned?

A.—My employment with the Ontario Government ceased entirely.

Q.—You went away?

A.—In the fall of 1907 I went to Michigan.

Q.—Where did you take up business then?

A.—In my home town thirty miles west of Detroit, Ypsilanti.

Q.—How long did you remain in Ypsilanti?

A.—About a year, a little over.

Q.—And from there where did you go?

A.—Toronto.

Q.—Yes. That would bring us back to the summer or fall of 1908?

A.—We have missed a year. I was part of the year in Port Huron, and a little over a year possibly in Ypsilanti. I got back in 1909.

Q.—And when you came back in 1909, where did you go then?

A.—With Staunton's Limited, Wall Paper manufacturers.

Q.—What time in 1909? Can you fix it at all?

A.—Early fall.

Q.—Staunton's Limited. This is the Wall Paper firm, is it not?

A.—Yes.

Q.—Were you not here in 1908?

A.—I was in Toronto occasionally, but I was not living here.

Q.—Did you do any work in connection with Central Prison industries in 1908?

A.—I think one time when I was over here I was asked to tell—I think it was Mr. Postlethwaite, some one connected with the Department any way—what my understanding of certain agreements had been.

Q.—That is the reason I asked you. I notice a memorandum from you on April 25th.

THE CHAIRMAN: April 25th, 1908, I think.

MR. DEWART: Yes. I think it is in the other Exhibit here.

MR. FERGUSON: It is attached to Postlethwaite's report of the 29th April.

MR. DEWART: I thought you were in Toronto in 1908, were you not?

A.—I was in Port Huron or in Ypsilanti.

Q.—I was wondering how this report of yours came in on the 25th April, 1908.

A.—As I say, I was in Toronto more or less frequently during these two years. I presume I was over here a dozen times and I do not know whether Mr. Hanna, Mr. Taylor, or who it was, or Mr. Postlethwaite himself possibly, asked me to work this out for him. I did.

Q.—So that was on one of your flying visits that that was done?

A.—No, we did not have air ships, I just came over.

Q.—Then 1909 we find you at Staunton's, Limited. How long did you remain there?

A.—Until July, 1912.

Q.—What was your remuneration a year, what salary were you receiving?

A.—That is Mr. Staunton's business and mine.

Q.—I would like to know.

THE CHAIRMAN: Is there any object in asking?

MR. DEWART: Yes.

THE CHAIRMAN: I do not see it.

MR. DEWART: We find he was paid \$1,250 for four days' work a little later on. I want to know what he was getting from Staunton's a year.

THE CHAIRMAN: How does that affect the matter, what he was getting from Staunton's?

MR. DEWART: I did not know that he objected to answering the question.

THE CHAIRMAN: He apparently does.

WITNESS: I will tell you, sir, but I do not think Mr. Staunton's business—

MR. DEWART: If it is on account of Mr. Staunton, I do not mind. But it was not in excess of the salary you received from the Ontario Government?

A.—It was not.

Q.—That is a fair way of putting it.

MR. NESBITT: Your statement goes on record and there is no evidence. It is a little unfair. I know you did not intend it.

MR. DEWART: Unless I implement it by proof.

MR. NESBITT: I mean even then it would not be at all fair.

MR. DEWART: I gave the reason why I asked the question.

MR. NESBITT: But you made a statement of fact that he was paid for only four days' work. It embraced a great deal of work you will find if you ask the solicitor in the matter.

MR. DEWART: If my learned friend objects to four days' work, I will put it for the work that was done in adjusting—

MR. NESBITT: The accounts?

MR. DEWART: The Taylor, Scott claim?

MR. NESBITT: Yes.

MR. DEWART: The time occupied in doing it will subsequently appear.

Q.—Then we had you at Staunton's up to what date, Mr. Thorne?

A.—July, 1912.

Q.—And since that time where have you been?

A.—In Palmerston.

Q.—Did you purchase a business in Palmerston that was a going concern, or did you organize a business?

A.—We purchased a factory there that was a handy going business.

Q.—From whom did you purchase it?

A.—Major Walldridge.

Q.—Had Mr. Taylor any interest in that business?

A.—He had not.

Q.—And you formed a partnership with Mr. H. M. Perry, or rather organized a company under the name of Taylor, Scott & Company, Limited?

A.—It is a registered partnership, Mr. Perry and myself are the only partners.

Q.—I thought you had incorporated it since?

A.—We have since.

Q.—At that time it was a registered partnership. That would be what date?

A.—The date of what? What is it you require?

Q.—What date would it be you purchased that business and went in partnership with Mr. Perry, what date was it you went into partnership with Mr. Perry?

THE CHAIRMAN: Do you mean the exact date?

MR. DEWART: Approximately.

THE CHAIRMAN: I think he said July, 1912.

WITNESS: It was July we went to Palmerston, but possibly Mr. Montgomery can tell you when the partnership agreement was entered into. It was in March or April.

Q.—Previous?

A.—Yes.

MR. DEWART: March or April, 1912?

A.—I cannot be sure of that, but it would be late in the spring, I think it would be later than that, April or May. Mr. Montgomery could possibly tell you.

MR. FERGUSON: He has gone.

MR. DEWART: Are you still carrying on that business, which has since been put in the form of a joint stock company?

A.—We are.

Q.—Then were you served with a subpoena from the Chairman to attend?

A.—I guess there was one sent to Palmerston, but I was not there. I saw in the papers I was to be summoned to appear at ten o'clock this morning, so I came without the summons, but the summons was here in Toronto when I came last night.

Q.—Where did you come from?

A.—Detroit.

Q.—When did you come?

A.—Last night, ten o'clock.

Q.—Did you see any of the witnesses in the case last night?

A.—Mr. Taylor is the only man I saw.

Q.—Where did you meet him?

A.—At the station.

Q.—Where did you go last night?

A.—To the King Edward Hotel.

Q.—And were you and Mr. Taylor together?

A.—We were.

Q.—Discussing the case I presume?

A.—Among other things.

Q.—And this morning you left the King Edward about what time?

A.—A quarter to nine I guess.

Q.—Where did you go?

A.—To Mr. Nesbitt's home.

Q.—Had a conversation with him about the case?

A.—I did.

Q.—And came from there here?

A.—Yes, sir. There was some time between.

Q.—Where were you between times?

A.—Walking around waiting for ten o'clock.

THE CHAIRMAN: He could not have been there very long.

MR. NESBITT: You might ask him how long he stayed with me, if you think it is important.

MR. DEWART: Yes.

Q.—How long were you with Mr. Nesbitt.

A.—I should judge half an hour, surely not three-quarters.

MR. NESBITT: You were not twenty minutes.

MR. DEWART: The witness is giving evidence, Mr. Nesbitt.

WITNESS: Possibly not.

MR. DEWART: Have you seen Mr. Hanna since you came to town and had any talk with him?

A.—I met him in the hall during intermission.

MR. DEWART: I mean you did not call on him as you did on Mr. Nesbitt?

A.—No.

Q.—At the time the Public Accounts Committee was sitting I think you were called as a witness according to the record?

A.—I was.

Q.—On the 16th of April. Is that right?

A.—I cannot say as to the date. I was a witness.

Q.—The records show it was the 16th of April. Did you have any discussion with Mr. Hanna about this matter at that time?

A.—I did.

Q.—Where?

A.—In his office.

Q.—For what time or period of time?

A.—Oh, 15, 20 to 30 minutes.

Q.—On more than one occasion?

A.—I think I saw him after my evidence was given. I saw him only once before.

Q.—And were the matters of your evidence discussed with him?

A.—No, they were not. He expressed a desire that I should be perfectly frank, which I attempted to be, and he has never asked me to bring out any special point or anything of that sort.

Q.—No. I am simply asking whether your recollection of the case was discussed between Mr. Hanna and yourself at the time you were over here in connection with the sitting of the Public Accounts Committee, not with any

suggestion of coloring your evidence at all, but with reference to the question of what your recollection was.

A.—I think possibly that occurred. I do not remember any particular points. It is natural it should have been.

Q.—Yes, I think it would be unnatural if it had not happened, Mr. Thorne. Then had you been back here in Toronto at any time during the summer or fall of 1911?

A.—I was living here during 1911, sir.

Q.—I beg your pardon. That was while you were employed with Staunton's. Did you at any time get in touch with any matters that related to the question of the settlement of the Taylor, Scott claims against the Government?

A.—Just what do you mean by getting in touch with them?

Q.—Did you learn anything about them?

A.—I did—considerable.

Q.—Either by discussion with Mr. Taylor, Mr. Hanna, or any representative of the Department?

A.—Both of them.

THE CHAIRMAN: Pardon me, when did you say, Mr. Dewart?

MR. DEWART: During the summer and fall of 1911.

Q.—Did you know that there had been matters in dispute between the Taylor, Scott Company and the Government for some time before that?

A.—I did.

Q.—At what time would you say that you first learned there were such matters of dispute?

A.—When it was changed from the piece work basis to the straight hourly basis.

Q.—Can you fix that time?

A.—No, but there surely are papers here that will show when the payments were started to be made on that arrangement.

Q.—Let me see whether we cannot help you as to that. By the way, is that amended contract put in?

MR. NESBITT: There is no amended contract.

THE CHAIRMAN: It was a verbal understanding, and Stewart pleaded the statute, and that is what gave rise to the arbitration.

MR. DEWART: Now, can you fix at all from these papers the time that that took place?

A.—Perhaps (perusing papers): Here it is, Mr. Dewart.

Q.—What is the date?

A.—January 15th, 1907.

Q.—Then the time of that change was January 15th, 1907?

A.—And it antedated, I cannot say to what extent.

Q.—Why?

A.—Why did it antedate?

Q.—Yes.

A.—Because there were misunderstandings as to the amount to be paid under this piecework basis, and rather than dig these all up and take the trouble it was dated back and paid at four cents an hour to straighten it up.

Q.—That would be the basis of the time from which you say disputes or complaints began to be more numerous?

A.—I do not know as they were more numerous. Those are the first differences I remember arising under the contract.

Q.—Those are the first differences you say?

A.—That I remember.

Q.—Do you know these continued down to the time you left there?

A.—There were other matters that came up that I knew about, certainly.

Q.—You knew that these existed in 1908, because you yourself were asked to make a report in reference to them?

A.—Yes, certainly.

Q.—So the time you speak of when you were staying in the City to make your report on the 25th of April, 1908, you knew then of the existence of these differences?

A.—Certainly.

Q.—And do you know whether you had any discussion with Mr. Hanna about them at that time?

A.—I don't remember it. I must have had, of course, but I don't remember it.

Q.—What was the first time that you learned of the claims of the Taylor, Scott Company, towards the Provincial Secretary's Department in the summer of 1911?

A.—I do not follow your question. What was the first time what?

Q.—That you learned with reference to the position of the claims of the Taylor, Scott Company against the Government in 1911? Did you learn that there was an application made for a fiat?

A.—Oh yes, Mr. Taylor told me of that somewhere very early in 1911.

Q.—Had you a knowledge of the claim that was made up against the Department in January of 1911?

A.—Had I a knowledge in January?

Q.—Had you knowledge of that claim at that time?

A.—At what time had I a knowledge?

Q.—Did you learn of it at the time it was made up?

A.—No.

Q.—Did you assist in making it up?

A.—No, I did not.

Q.—When did you first learn of that claim of the 27th January, 1911.

A.—When did I first learn of the details do you mean?

Q.—Yes.

A.—I really could not say.

Q.—When did you first see that document of the claim made up in that way?

A.—I really could not say. I know I saw it in the fall of 1911. Whether I saw it previously I do not remember. I talked with Mr. Taylor and Mr. Hanna about this, but just when I saw the particular thing I really cannot say.

Q.—Then there is another letter here. Perhaps it is further forward.

This is a document of February 16th, 1911, which you see is attached to a number of schedules giving particulars. Did you assist in making up that document?

A.—I did not.

Q.—When did that first come to your knowledge and attention?

A.—I must make the same answer—I really cannot say.

Q.—Did it come to your attention in the fall of 1911?

A.—I am almost sure that this is the one that Mr. Stewart had, and that I saw it at his office. I may have seen it previously. If I did I don't remember.

Q.—Now, is there any other claim made up by Taylor, Scott & Company as against the Government subsequent to that claim of the 16th of February, 1911, that you saw in the fall of 1911?

A.—There is of course a claim of some \$40,000 odd.

Q.—Where did you see that?

A.—I saw it in Mr. Stewart's. Again I must say I do not know whether I saw it previously or not; it is quite possible I did.

Q.—Have you a copy of it?

A.—I have not.

Q.—It does not appear anybody else has a copy. Did you make it up yourself?

A.—Certainly not.

Q.—Was it a claim for \$50,000?

A.—I think the whole amount the fiat asked for was \$50,000. This claim—it is shown in the paper you have taken evidence about earlier in the morning—was something over \$40,000, and there were certain items not valued.

Q.—I want to ask you about that document. You say you saw that in Mr. Stewart's office?

A.—I did.

Q.—Had you ever seen it before that?

A.—I have already told you I cannot say whether I had or not.

Q.—And have you a copy of it?

A.—I have not.

Q.—And nobody else appears to have a copy of it?

A.—I cannot say as to anybody else.

MR. NESBITT: What document is that?

MR. DEWART: Something we have not had produced.

MR. NESBITT: Do not suggest.

MR. DEWART: It is something that has not been produced.

MR. NESBITT: I know. But is that one of the documents that Stewart said he gave to him?

MR. DEWART: It was a document he saw in Mr. Stewart's office.

Q.—When was it you saw it there?

A.—It would be early in November, possibly in October of 1911. Here is a copy of it.

Q. I know. But what kind of piece of paper was it on?

A.—On a piece of ruled foolscap.

Q.—Do you know whose handwriting it was in?

A.—I do not.

MR. NESBITT: Do you say this is a copy of it?

A.—This is a copy.

THE CHAIRMAN: It was the statement of claim which you undertook to investigate?

A.—It was. I think it was in the handwriting of Mr. Perry. I would not like to say for sure.

MR. DEWART: Had you never seen it before that time?

A.—I would not say that. I could not remember whether I saw it before that time.

Q.—Was this before you were asked to act as Government expert in the matter?

THE CHAIRMAN: Perhaps you had better make it clear. Of course he was asked to act as Government expert before he was asked to act as arbitrator.

MR. DEWART: When you were before the Public Accounts Committee I think you stated in connection with the Taylor-Scott claim you were asked to act in the capacity of expert accountant for the Government.

A.—I was asked to prepare myself as a witness when it was expected the case was to go before the Court.

Q.—Who asked you to prepare yourself as a witness?

A.—Mr. Hanna.

Q.—And can you fix the time when he asked you to prepare yourself as a witness?

A.—I cannot,

Q.—Can you fix the month?

Q.—Why, I should say it was about October. It may have been a month earlier or a month later.

Q.—You were then to prepare yourself as an expert witness on behalf of the Government in connection with the suit which was expected to come on very shortly under the Petition of Right?

A.—As a witness. I would hardly say an expert witness.

Q.—And on what terms did you agree to undertake the position of witness?

A.—It was understood I was to receive a fee, which was left in rather an indefinite state. I was quite satisfied that Mr. Hanna would do the just thing if left to him.

Q.—Were you to have a retainer?

A.—I was.

Q.—How much?

A.—That also was indefinite.

Q.—And the amount you were to receive *per* day, was that left indefinite?

A.—It was indefinite.

Q.—Did you enter upon your duties of preparatory work to enable you to take the position of witness?

A.—Not giving all my time to it, but part of it.

Q.—How much time did you spend, preparatory time in preparing yourself as a witness?

A.—It is quite impossible to say. I spent two or three hours one day, perhaps half an hour the next—such time as I could spare and do justice to my employers.

Q.—Have you any idea how much time you did expend altogether in that connection?

A.—You expect me to express it in hours?

Q.—Would it be a matter of three or four days, if you took it and put it in days?

A.—Yes, more than that.

Q.—Five or six?

A.—I would not like to put it at a definite figure. It was a considerable time, evenings and spare time.

Q.—And you cannot give me an exact estimate of the period of time?

A.—Certainly not. It was spread over a considerable period.

Q.—Then after Mr. Hanna had so retained you to prepare yourself to be a witness for the Government did you see Mr. Stewart the lawyer with reference to the matter?

A.—I did.

Q.—Had you any conversation with him with reference to your retainer and fees?

A.—As to the amount of them?

Q.—Yes.

A.—I do not remember any; I may have.

Q.—Did you insist upon a retainer of \$100 and \$25 a day?

A.—I certainly did not.

Q.—Did you mention any specified sum, or can you recall now what the sum was?

A.—I may have suggested that I thought a certain amount was right, I do not know.

Q.—And you cannot say what the amount was now?

A.—No.

THE CHAIRMAN: He does not say he suggested any amount. He simply says, "I may have suggested some amount."

MR. DEWART: Yes.

Q.—And I suppose you saw Mr. Stewart from time to time?

A.—I saw him a few times; yes, sir.

Q.—Now, during that period and altogether prior to the time that there was any question of arbitration, how often did you see Mr. Hanna with reference to this matter?

A.—I do not think I saw him more than two or three times.

MR. DEWART: Perhaps this would be a convenient time, Mr. Chairman, to break off, because it is just six o'clock, and I want to take up another branch which will occupy considerable time.

THE CHAIRMAN: It now being six o'clock, I will leave the Chair until eight o'clock, gentlemen.

(At six p.m. the Committee adjourned accordingly.)

BEFORE THE COMMITTEE ON PRIVILEGES AND ELECTIONS.

Toronto, Tuesday, April 29th, 1913.

Evening Session, 8 p.m.

MR. DEWART: Mr. Thorne, I was asking you before adjournment some questions about your knowledge of the application for fiat, and I think you said you heard of that first from Mr. Hanna, was it about October or November, 1911?

THE CHAIRMAN: It was when Mr. Hanna asked him to take the matter up and prepare himself as a witness.

MR. DEWART: It was the time Mr. Hanna asked you to take the matter up and prepare yourself as a witness for the Department that you learned for the first time that a fiat was granted; was that right?

A.—No, that was not right. That was the first time I had been called into the case.

Q.—That was the first time Mr. Hanna called you into the matter?

A.—It was.

Q.—So that from the latter part of October, or the first of November, your knowledge of the matter came largely through Mr. Hanna and the Department?

A.—And through Mr. Taylor. And I do not know as it was the latter part of October. I told you I could not state within a month just when that was.

Q.—The reason I put the question to you that way is, that in looking over the notes of your evidence before the Public Accounts Committee on the 16th of April, at page 16 of the proceedings, I see you were asked how you were brought into it, in November, 1911, and you said November, possibly in October or along about that time Mr. Hanna called for you and advised you that the fiat had been granted, and that Mr. Taylor arranged that you should go into the matter and so on; the reason I referred to the matter was that it was because you referred to October.

A.—I think perhaps it was in October, but I could not say to within a short time.

Q.—You could not say as to the exact date?

A.—No, sir.

Q.—And at the time you thought you had probably four or five interviews with Mr. Hanna with reference to it?

A.—Quite right.

Q.—Now there was one question I asked you before adjournment, and that was as to whether there was any arrangement made as to payment of any sum to you by way of retainer or fee for your services; you remember the question; do you?

A.—I remember you asking me something in that connection; yes, sir.

Q.—Let me see; I suppose your memory on this matter would be better on the 22nd of January, 1912, than it is to-day?

A.—Possibly, probably.

Q.—And if at that time you said that it was arranged that you were to have a retainer of \$100 cash and \$25 a day until the case was settled, that would be correct?

A.—If I said that, yes.

Q.—And if you wrote it, it would be still more likely to be true?

A.—Not still more likely; I would not say that.

Q.—As likely, though?

A.—As likely.

Q.—And if you either wrote or said at that time that that was put in a letter, would that be correct?

A.—I don't think it was put in a letter that a definite amount was to be arranged; it might have been.

Q.—Was there a letter that passed between Mr. Hanna and you at that time?

A.—There was.

Q.—Have you that letter?

A.—I have not.

Q.—What has become of it?

A.—I have no——

Q.—What has become of it?

A.—I don't know. I had several letters in connection with this thing.

Q.—And if an award was made at all, Mr. McNaught and Mr. Taylor thought you would be the very one to go into any details, with any person?

A.—I kept those papers until I moved my household effects from Toronto to Palmerston, and since that time I have not seen them and I am sure I have not got them in Palmerston. I considered the matter over and closed. I don't know that I destroyed them, but they are missing now, and I don't know where they are.

Q.—Then what papers do you say are now missing that you had in your possession at that time?

A.—There was this letter from Mr. Hanna which was the first letter of any kind that I had. Then Mr. Hanna wrote me a letter enclosing me a copy of the reference. I had those. I had of course a considerable quantity of detailed figures that I had used, my own memoranda in preparing the award, and I had a copy of the award itself.

Q.—Are any of those papers in your possession now?

A.—They are not.

Q.—What did you do with them?

A.—They all went the same course at the time I moved from Toronto to Palmerston.

Q.—Have you looked for them since the sitting of the Public Accounts Committee or in connection with that sitting?

A.—I looked for them previous to the sitting of the Public Accounts Committee.

Q.—And you were not able to find them?

A.—Right.

Q.—What do you say as to the contents of that letter from Mr. Hanna to you which contains a retainer to act for the Government as a witness?

A.—If I remember the letter, it simply stated that pursuant to a conversation I was to undertake to prepare myself as a witness for the Government in that case, and that Mr. Hanna would suggest that certain figures, which I do not now remember, should be the remuneration for retainer, or whatever you care to call it.

Q.—The basis of your remuneration?

A.—Quite so.

Q.—And what was the basis of your remuneration as settled in that letter from Mr. Hanna to you?

A.—It was—and I may say that I have the idea that that would be what it would amount to—a retainer fee of \$100 and \$25 for each full day I put in.

Q.—And it is quite possible that that was what the letter set out?

A.—I am sure the letter did not say that. It simply suggested that certain amounts should be the remuneration, but no definite remuneration was mentioned.

Q.—And that would be about the first part of November or the latter part of October, as you put it?

A.—Probably.

Q.—Then do you recollect about that time, or about the first of November, Mr. Postlethwaite called at your office?

A.—I do.

Q.—Was it he who called to see you first before you had your understanding with Mr. Hanna; did he call to know if you would accept a retainer from the Government?

A.—He did.

Q.—And it would be correct to say that you did not know, but that you would telephone to Mr. Hanna, which you subsequently did?

A.—I don't remember that distinctly, but it is quite possible.

Q.—When you saw Mr. Hanna, did Mr. Hanna suggest that you call up Mr. Stewart, the Attorney for the Government in this particular matter?

A.—He suggested that I should get into communication with Mr. Stewart.

Q.—And did you tell him that you did not want to see Mr. Stewart, but that Mr. Stewart could see you as he wanted?

A.—I may have said that.

Q.—Then did Mr. Stewart, a week or ten days after that, ask you to call?

A.—I cannot say how long after, but I ultimately called on Mr. Stewart.

Q.—As the result of a request from him?

A.—Yes.

Q.—Did Mr. Stewart then start and go over the case with you?

A.—He did.

Q.—Would it be correct to say that you told him there was nothing doing until your retainer was paid, or was it put in writing?

A.—No. It would be correct to say that I thought it ought to be arranged before any definite undertakings were made.

Q.—If you at that time either said or wrote to anybody that there would be nothing doing until the retainer was put in writing, wouldn't your recollection about the 22nd of November be better than it is now?

A.—It ought to be.

Q.—You would not quarrel with any statement you made about that point?

A.—No, I don't think I would.

Q.—When I refer you to that suggestion, is it not your recollection that you told Mr. Stewart that there was nothing doing until your retainer was either paid or put in writing?

A.—No; my recollection is not that. My recollection is that I told Mr. Stewart that I thought the matter of the retainer and the fee should be definitely arranged before I undertook the work.

Q.—At any rate it was after that conversation with Mr. Stewart that Mr. Hanna did write the letter?

A.—I cannot say really whether it was or not.

Q.—If you had had any writing at that time there would be no special reason for asking Mr. Stewart about it?

A.—Mr. Hanna's letter was not a definite statement. It was simply a suggestion that a certain amount be arranged.

Q.—And you were looking for something extra when you got into touch with the matter?

A.—Correct.

Q.—Did Mr. Stewart tell you he had no authority but would communicate with Mr. Hanna?

A.—He did.

Q.—Did Mr. Hanna ask you to call and did you do so?

A.—I cannot say. I saw Mr. Hanna subsequently; I don't know whether he asked me to call, or not.

Q.—Would you say that it was a result of his invitation that you called?

A.—It probably would be; I don't recollect.

Q.—He would call you when he wanted you; and when you called did you have a conversation with Mr. Hanna?

A.—Certainly. I would not have called if I did not.

Q.—And did it take him two hours to tell you what he had to say, or thereabouts?

A.—I don't remember.

Q.—A very considerable time, a pretty long interview?

A.—It might have been; I don't remember.

Q.—If I am instructed that you were there for two hours, would you undertake to contradict it?

A.—I certainly should not.

Q.—And if you wrote on the 22nd of January and said, it took Mr. Hanna two hours to say what he had to say, would that be correct?

A.—That would be correct.

Q.—You would not lie about the matter?

A.—Not intentionally.

Q.—And at the time of the interview with Mr. Hanna you had no object in lying about it?

A.—I don't think I should have.

Q.—So that if on the 22nd of January, 1912, you wrote and said that it took Mr. Hanna two hours to tell you, that would be correct?

A.—I don't see any reason for its not being correct.

Q.—I want to know, sir, whether as a matter of fact, if you wrote that on the 22nd of January, it was true or false?

A.—If I wrote it, I wrote the truth.

Q.—If you wrote at that time that Mr. Hanna did all the talking and told you with several adjectives that that fool Taylor was money mad, that would also be true?

A.—Yes.

Q.—You know it was true if you wrote it?

A.—I should say it was true if I wrote it.

Q.—And you recollect that that is the fact?

A.—I do not.

Q.—Do you not recollect the conversation with reference to Taylor at that time?

A.—I do not. I had several conversations with Mr. Hanna. I don't recall whether it was at that particular conversation or not, but Mr. Hanna did attack Taylor rather forcibly in my presence at some time. I don't remember whether it was at that interview or not.

Q.—Give us the details of Mr. Hanna's conversation, before I ask you some other questions, in which Mr. Hanna attacked Taylor at that time. There was some subject of attack?

A.—Mr. Hanna seemed to take the position that Mr. Taylor—I think he used the words that he was money mad, that the whole thing was a matter of money with him. I am quite unable to remember the exact language he used, but he did express himself in very forcible terms which possibly he would not do under all circumstances.

Q.—As possibly he does not do under all circumstances?

A.—Yes.

Q.—What was the subject on which he said that Taylor was money mad?

A.—The matter of this claim that Mr. Taylor had against the Government.

Q.—And in that long conversation what else did he tell you about Mr. Taylor's claim against the Government?

A.—He told me other things, that undoubtedly Mr. Taylor had a just claim for something, but he placed no amount upon it.

Q.—What else?

A.—I really cannot remember all the things he said there.

G.—Give me your best recollection of that conversation that you can before I exhaust your memory in another way.

A.—I have already done that. Go ahead.

Q.—I ask you still for what was said by Mr. Hanna at that time with reference to Mr. Taylor's claim. Did he give you any reason if he had a just claim for not paying it or making a settlement?

A.—He did not.

Q.—Did he explain what Mr. Taylor had said to him?

A.—He explained some things.

Q.—What did he say that Mr. Taylor had said to him?

A.—That Mr. Taylor would take various steps attacking Mr. Hanna more or less publicly if the fiat was not granted.

Q.—And what were the public matters that Mr. Hanna told you that Mr. Taylor proposed to attack him about?

A.—What were the public matters?

Q.—That he would attack him more or less publicly. I am not asking you about private affairs, but what were the public matters relating to him as a Minister in regard to which Mr. Taylor had threatened to attack him?

A.—The only one which was detailed at all, or in fact the one that I remember of, was the matter which everybody knows about, the matter of the \$500 contribution.

Q.—Did he at that time refer to the underfeed stoker contracts?

A.—I don't think he did.

Q.—Will you swear he did not?

A.—No, sir.

Q.—Do you recollect, now that I call your attention to it, that he did?

A.—No, sir.

Q.—Was that subject mentioned by Mr. Hanna as one of the objects of Mr. Taylor's attack?

A.—It may have been.

Q.—Was it at one interview?

A.—I think I can say safely that it was.

Q.—Was it in reference to Mr. Taylor's speech on the matter of coal contracts?

A.—I will have to answer that in the same way.

Q.—You cannot tell whether it was at that or at another interview that Mr. Hanna told you that Mr. Taylor had used that as a weapon of attack?

A.—Right.

Q.—If you said in the letter to which I now refer that it was finally arranged that you were to have \$100 cash and \$25 a day as a witness for the Government until the case was settled, if that was put in a letter was it correct if you wrote it?

A.—If I wrote that I am almost tempted to contradict myself, because I don't remember that any final arrangement was ever made. As I have already said, Mr. Hanna had suggested certain things and Mr. Hanna had assured me that I would be very fairly treated in the matter, and I was quite content with that assurance.

Q.—But even at that your memory on the 22nd of January, 1912—by the way that was just a day after you got your cheque for \$500 from Mr. Taylor?

A.—I got a cheque for \$750 from Mr. Taylor.

Q.—The day after that?

A.—I cannot say the day I got the cheque.

Q.—This was written perhaps in the sense of satisfaction, that the first fruits of the award came your way?

A.—I recollect that I got paid very promptly after he got his money from the Government.

Q.—And the letter was written very promptly after Mr. Taylor had made his payment?

A.—I would not say after Mr. Taylor made his payment, I would say after he got his money.

Q.—And the very first recollection you have of the matter, the first statement in the letter, you know to which I refer, contained the proof with reference to the matters of which you wrote?

A.—I believe so, although I don't recollect the particular point as to what is in the letter.

Q.—You still believe the statements you made in that letter were true?

A.—I can say so. I would not say them otherwise.

Q.—As to these matters as to which Mr. Taylor had written Mr. Hanna, were any of them matters as to which you had a personal knowledge?

A.—Only one.

Q.—Which was that?

A.—The coal tenders.

Q.—What was your personal knowledge with reference to the coal tenders?

MR. NESBITT: I object to that.

HON. MR. HANNA: Let the matter come out.

THE CHAIRMAN: No. It is a question whether we have the right to deal with it.

HON. MR. HANNA: Was there any irregularity?

MR. DEWART: I want to know the Chairman's ruling on the matter.

THE CHAIRMAN: I thought we had already dealt with it to-day at great length.

HON. MR. HANNA: I want it to come out.

THE CHAIRMAN: But it is not in order, Mr. Nesbitt. If you have any specific charge about any coal contract, let Mr. Proudfoot put it in writing, if he dare.

MR. COWAN: Don't say, if we dare.

MR. NESBITT: Are you Counsel in this?

MR. COWAN: I am a Counsel in this case.

MR. NESBITT: I am not accustomed to that tone of voice.

MR. COWAN: You are as much accustomed to that tone of voice as I am to "if you dare."

MR. DEWART: Mr. Cowan is my associate here.

MR. NESBITT: If you will keep your junior quiet I will address you.

MR. COWAN: "Your junior" will speak as occasion requires.

MR. DEWART: I said he was associated with me and the notes will bear me out, but he had an important engagement at the Railway Board and could not attend here to-day, but I am glad to have his assistance now.

MR. COWAN: This is only a Counsels' wrangle, this is not a cat and dog fight, all spitting at each other. I protested when you said to Mr. Proudfoot "if he dare," that is what I resented.

THE CHAIRMAN: We are not interested in that sort of thing. We are here to deal with this matter.

MR. PROUDFOOT: I am interested if statements of that kind are made to me.

THE CHAIRMAN: Mr. Nesbitt said to let him make the charge if he dared.

MR. DEWART: What I want to know is, when I ask the witness a question as to which he says he has personal knowledge relating to these charges that are made and to which there is no question that they were made against Mr. Hanna, and when he says he has personal knowledge with reference to one of these matters, I want to know whether I am not at liberty to ask that question of this witness as to what his personal knowledge is.

THE CHAIRMAN: It is clearly and distinctly my opinion that you have not. We threshed it out all afternoon in the most exhaustive way and came to a decision, and unless this Committee says so, I do not propose that you will get away from that decision.

MR. DEWART: The position I took to-day was that even though we had not reached this point, a point which I knew would shortly come up, that although we had not reached this point that I had the right then to have these documents put upon the record and filed as Exhibits, and had a right to have an opportunity to examine them. I cannot examine this witness without I have an opportunity of examining those documents. Your Committee voted against it. I ask that each of these documents may be filed as Exhibits so that they might be here and be marked as they should be, and so that I might ask this or any other witness what the position was as far as these contracts are concerned. If I am to be met at the threshold of the matter and at the most critical part of the case with that sort of thing, then the Committee must rule upon it, and must rule now.

THE CHAIRMAN: I wish you would pay some attention to the Chair, please. I have the conduct of this proceeding, and I do not propose to be diverted from what I conceive to be my duty here by anybody, or by and address which may be made by anybody. This witness has already given evidence which has gone in, but which I did not think was evidence upon the record at all, and the Committee agree with me. There is no charge that we can deal with in regard to coal contracts, or underfeed contracts. The charges are clear, upon the record. They were made deliberately. You yourselves drew these statements and you must take the responsibility for placing yourselves in this position. You cannot ask that evidence be received which you are not entitled to. You cannot ask anybody to be responsible for it but yourselves. That is my definite opinion on the matter.

MR. DEWART: As I understand my rights, Mr. Chairman, I have proven from the mouth of this witness that certain charges were made regarding two specific matters against a Minister of the Crown by Mr. Taylor. I have asked this witness whether he has knowledge himself personally with reference to either of those matters. He said he has knowledge of one. I now desire to ask him what his knowledge is with reference to that one as to which he says he has knowledge. I ask your ruling upon the question.

THE CHAIRMAN: There is absolutely no charge in reference to it, not a tittle or a word in this statement charging anybody with impropriety in connection with the matter about which you are asking. Therefore I say, and I rule that I think it is not relevant to the issue here at all, and unless the Committee see fit to differ with me my ruling will be that it is not pertinent here, and should not be permitted. But it is for the Committee to say.

HON. MR. HANNA: Might I ask, as a matter of privilege—

THE CHAIRMAN: You may ask, of course.

MR. DEWART: Here is a charge asking for the appointment of a Royal Commission to investigate the conduct of the parties in connection with the Taylor, Scott & Co. claims, and the transactions and statements hereinbefore detailed. The resolution that was passed was one which with amendment called for the investigation of all matters and things which relate thereto or affect the same. We have had under the order of your Committee brought before us these documents and papers, documents relating to coal tenders, contracts for self-feeder stokers, and papers relating to the same. I have now come to this point, this Committee is empowered to enquire into all matters and things in relation to these charges. This Committee has ordered the production of these documents.

THE CHAIRMAN: But you are talking entirely beside the matter, Mr. Dewart.

MR. DEWART: I submit the question is a pertinent one. If you rule upon it, I trust there is some member of the Committee who will take the sense of the Committee upon it.

THE CHAIRMAN: You are right when you say the Committee is authorized to enquire into the charges. But after reading the statement I appeal to the Committee to say whether there appeared a single word about anybody being charged with impropriety; and, however much the Provincial Secretary or his Counsel may think we ought to deal with it, I do not think the time of this Committee should be taken up in that way. I think any examination would be abortive, or entirely useless. We must all keep within the four corners of the document itself, and deal only with matters we have a right to deal with, otherwise we will have to extend and amend it, and the end would not be in sight. I ask you to adhere strictly to what we are here to do.

MR. BOWMAN: Have we no right to ask a witness as to any personal knowledge he has in reference to it?

THE CHAIRMAN: If he is going to give evidence of any impropriety in any dealings with coal tenders, and if it is objected to, we cannot hear it.

MR. BOWMAN: I desire to appeal from your ruling, Mr. Chairman.

THE CHAIRMAN: Gentlemen, you have heard the ruling of the Chair. It is for you to say whether that ruling shall be sustained or reversed, on Mr. Bowman's appeal. The question will be, shall the ruling of the Chair be sustained in this matter. All in favour say Aye.

(The following members voted Yea):

Armstrong, Black, Brewster, Devitt, Eilber, Ferguson (Simcoe), Galna, Grant, Hartt, Jessop, Lennox, Mathieu, Mills, Morel, McCrea, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Ross, Shillington, Thompson (Simcoe), Vrooman, Whitesides.

(The following members voted Nay):

Bowman, Elliott, Marshall, Racine.

THE CHAIRMAN: The ruling of the Chair is sustained. Go on, Mr. Dewart.

MR. DEWART: I can see that there was some objection taken to some of the questions, but I shall have to put them, Mr. Chairman;

Q.—Mr. Thorne, did you take part personally in the manipulation of any one of these tenders?

THE CHAIRMAN: Do not answer that.

MR. DEWART: Under the same ruling, Mr. Chairman?

THE CHAIRMAN: Yes, under the same ruling.

MR. BOWMAN: I desire to appeal from your ruling.

THE CHAIRMAN: Very well. Gentlemen, you have heard the question. I cannot understand why the time of the Committee should be taken up with this sort of thing. Our object and purpose here are very apparent, and we ought to keep to the business. If there was no other way available of getting at this, it would be a different matter. But there is a proper and regular way, which should be adopted. I do not want to discuss the same thing again. I rule the question is not admissible. Mr. Bowman has appealed from my ruling. Shall the ruling of the Chair be sustained?

(The Chairman called for the Yeas and Nays.)

THE CHAIRMAN: It is a little faint, gentlemen, the Nays. Do you want the roll called?

MR. BOWMAN: Let it be recorded that the Chair was sustained on the same division. That will save time.

THE CHAIRMAN: Very well. Time is the essence of this thing.

MR. DEWART: Q.—Was it at the request of Mr. Hanna, the Provincial Secretary, that you took part in this manipulation of the tender for the coal contract?

THE CHAIRMAN: Do not answer that. There is no use in asking a question of that kind, Mr. Dewart.

MR. BOWMAN: I desire to again appeal from your ruling, Mr. Chairman.

MR. MCGARRY: It is only by the consent of this Committee and by their leave, Mr. Chairman, that any Counsel are permitted to appear here. If Counsel will not pay any attention to the orders of the Committee, I can see no means of proceeding with our investigation. I think it ill becomes Counsel, when he is told by the presiding officer of this Committee that he shall not be allowed to ask these questions, that he should continue to ask such questions. It is only taking up the time of the Committee.

MR. LENNOX: I would like to ask what standing Mr. Cowan has upon this Committee?

MR. COWAN: I will prevent anything of that description. If there is any objection to my appearing, I will leave the room, and the Committee might then be able to get on.

THE CHAIRMAN: No, Mr. Cowan; we are delighted to have you here.

MR. COWAN: I shall be very glad to withdraw if I am going to even become a subject of discussion.

MR. LENNOX: On page 7 of the proceedings, Mr. Chairman, I notice this:

“MR. PROUDFOOT: All I desire at present is to have a resolution passed that I may appear by Counsel. Counsel is not engaged, but will be this afternoon. I am not prepared at the present moment to hand in the name, but I do not suppose that is very important?”

“THE CHAIRMAN: No.

“MR. PROUDFOOT: I will have Counsel, and probably Assistant Counsel.

“THE CHAIRMAN: I take it then that what I have said meets with the approval of the Committee, that we permit Mr. Proudfoot to retain Counsel and Assistant Counsel, and on the other hand, as I said, to represent the other view of the question, we also—the Committee—retain a Counsel and an Assistant, if they see fit. I take it for granted, gentlemen, that that meets with your approval?” Carried.

We have Mr. Dewart here, and Mr. Elliott. Mr. Dewart as Counsel, and Mr. Elliott as Assistant Counsel, and as Counsel have only a right to be here through the courtesy of the Committee, I do not think my friend Mr. Cowan has any right to sit here at all.

MR. COWAN: May I sit here as a spectator, then?

THE CHAIRMAN: I do not fancy Mr. Lennox is too serious about that.

MR. DEWART: He seldom is.

THE CHAIRMAN: But we are getting quite away from the point. The Committee has charge of this investigation. We have read this record, and the Committee have come to a decision as to what their jurisdiction is and what their mission here is. They think they understand the situation and have told Counsel repeatedly what their view is as to what the extent to which they can go. As I understand, Mr. McGarry's objection is that Counsel refused to recognize the intelligence of the Committee in coming to that conclusion, and say that notwithstanding they have decided that the Committee can only investigate certain things, yet that they are going to go farther than that. With all due deference, I do not think Counsel should take that position.

MR. FERGUSON: These questions should not be asked, once the Court has ruled so. The Crown would not ask the question.

MR. NESBITT: This very point came up in the Marconi enquiry in England, within the last fifteen days, in the case against the Attorney-General Sir Rufus Isaac, and the Chairman, Lord Robert Cecil, ruled, following Hugo Young's questions, when he attempted to ask questions just in this same way, the Chairman at once said that the ruling was upon the subject matter, and that he would have to either ask that the ruling of the Chair be observed, or that the Counsel should withdraw.

May I add further, that I remember very well once a distinguished senior of mine—the late Mr. Dalton McCarthy, being threatened by a very distinguished Judge with commitment.

THE CHAIRMAN: I don't want to resort to that.

MR. DEWART: The parallel is not complete.

MR. NESBITT: With commitment for asking questions after the subject matter had been ruled upon. I beg my friend, as a matter of bare ethics, once there is a ruling—I do not say this, Mr. Dewart, because of any desire to appear as objecting to your questions, because my client has already intimated his strong desire to deal with it; but there is no charge, and nothing in the record. The Chairman's ruling has been made, and should be obeyed.

MR. DEWART: I am obliged to my learned friend for his chastening rod, but when the question is couched in a different form, and Counsel conceives he

has a right to ask that question, he should be allowed to ask it. I have noticed again and again that some very learned judges have allowed questions to be asked, although the witness is told that he need not answer them. I have not appealed against the ruling of the Chair; the members of the Committee have done so. The parallel in the Marconi case does not extend to this matter, because I am endeavoring to bring home personal knowledge to the Minister himself.

THE CHAIRMAN: But you are asking about matters not pertinent here at all. That is the point.

MR. DEWART: And that is the ruling of the Chair?

THE CHAIRMAN: Yes; that is the point.

MR. DEWART: May I ask—and this is the last question upon this point—
Q.—Was the matter of this particular tender, or any tender, the subject of a conversation between the Hon. Mr. Hanna and yourself to-day?

THE CHAIRMAN: That surely cannot interest us.

MR. DEWART: I thought it would be interesting, or I would not have brought it on.

THE CHAIRMAN: Mr. Nesbitt says he is prepared to go into this. Mr. Hanna endeavored to have it opened up. But that is not the point. The whole point is, that the Committee must keep within the scope of its authority.

MR. DEWART: Then may I ask this question; is it the ruling of the Chair that the question of the manipulation of the tender by a Cabinet Minister is not a pertinent subject for enquiry at this investigation?

THE CHAIRMAN: As I have already intimated many times, there is nothing in the charges we are instructed to investigate here about the manipulation of tenders of any kind. There is a proper procedure to be adopted to get at that, and it is absolute folly to constantly persist in making suggestions or speeches that are going on the notes, with reference to something which cannot be dealt with here at all. I do not want to seem unfair or to be severe about it. I have no desire to do that at all, but I must insist that the ruling of the Chair, or rather the ruling of the Committee, be respected, to some extent anyway.

MR. DEWART: Your ruling is that that subject cannot be enquired into at this enquiry. I shall therefore ask no further questions about it. Is that right?

THE CHAIRMAN: That is my view.

MR. DEWART: Q.—Then, Mr. Thorne, we were discussing an interview you had with Mr. Hanna which apparently from your letter was of some dura-

tion; do you recollect whether it was the subject of the personal attack that had been made upon him by Mr. Taylor that was discussed, and whether you asked him how he figured that the trial would settle the matter of the personal attack?

THE CHAIRMAN: What is that?

MR. DEWART: I asked whether at that interview with Mr. Hanna he asked Mr. Hanna how he figured that the trial which was coming on with reference to this petition of right, as it was expected, would settle the matter of the personal attack which was being made upon him.

Q.—Do you remember that being a subject of discussion?

A.—I would hardly say discussion. Mr. Hanna certainly told me about the attack. I do not remember that I asked Mr. Hanna the question you suggest, but I think there was an understanding on the matter at the time.

Q.—We will come to that in a minute; I want to go along by gentle stages. If you at that time asked him how the trial would settle the matter of the personal attack, or if you put that in a letter, would it be correct?

A.—It would.

Q.—Would it be correct to say that Mr. Hanna admitted it would not, that it would not settle it?

A.—If I wrote it, it would, but I don't remember that now.

Q.—And he further said that it was up to him to resign if Mr. Taylor made the charges, whether he proved them or not?

A.—How is that?

Q.—And that it was up to him to resign if Mr. Taylor made public his charges, whether he proved them or not?

A.—I don't remember it in that way. I remember about this, that he told me if the \$500 transaction became public—I can't say whether it would "probably" or "undoubtedly" mean his resignation.

Q.—But the matter of the other charges with reference to the two classes of contract, the coal contract and the underfed stoker, had been discussed?

A.—As I remember now it referred only to the \$500 item.

Q.—He seemed to realize that it was rather a serious matter?

A.—He did, undoubtedly.

Q.—Something he should not have done?

A.—He did.

THE CHAIRMAN: He was not so well initiated as some of the rest of us.

MR. DEWART: If at the time you wrote that he said it was up to him to resign if Mr. Taylor made public his charges, whether he proved them or not, would it be correct and would your recollection be better than now?

A.—My recollection would be better then. My wording might have been unfortunate. The meaning Mr. Hanna gave to me was as I said in a previous question.

Q.—He said it was up to him to resign if T. (using the one letter) made public his charges, whether he proved them or not; would your recollection be fresher on the 22nd January, two months ago?

A.—It would, but it is now in my mind that that is what he said to me at that time.

Q.—Give me all he said upon that particular point?

A.—If Taylor makes public this \$500 deal, either—I don't know whether he said "undoubtedly" or "probably" mean my resignation. If I worded it in another way, I worded it in another way, but I endeavored to convey the same meaning; but those were the words Mr. Hanna used to me in reference to it.

Q.—Did he explain to you the circumstances of the \$500 subscription?

A.—Sometime previously.

Q.—What did he tell you about it?

A.—Mr. Hanna told me that Mr. Taylor had contributed \$500 to the campaign fund, and was making a fuss about it.

Q.—Contributed to him, I understand?

A.—Contributed to him personally—to the campaign fund through him, would be better.

Q.—Or to him for the campaign fund?

A.—Either way.

Q.—And did he say in what kind of specie or cheque he had paid it?

A.—He did not.

Q.—You did not learn whether it was fives or twos or ones?

A.—I did not learn from Mr. Hanna; I did from Mr. Taylor.

Q.—What did he say?

MR. NESBITT: That is improper.

MR. DEWART: I only wanted to know what the currency was.

MR. NESBITT: We know what the currency is in your party.

MR. DEWART: Since when?

MR. NESBITT: Will I say "our party"?

MR. DEWART: You read yourself out of it yesterday.

Q.—Mr. Thorne, do you recollect further whether you said there was any meeting or conference called for Saturday at that time, did you learn at that time from Mr. Hanna whether any conference or meeting had been called for Saturday, November 18th?

A.—No, I don't think I did; that did not come from Mr. Hanna.

Q.—Let me try and bring this to your mind?

A.—Have you anything to show what day of the week, or the date of the conference you refer to?

Q.—I am told it was on February 17th. Perhaps this will refresh your memory; there was an agreement with reference to the claim referred to you for arbitration, Saturday, November 18th?

A.—There was.

Q.—The meeting was to be held at two, three, or four o'clock?

A.—Probably.

Q.—Had you a conversation with Mr. Hanna the day before that?

A.—I cannot say whether it was the day before or not, but it was at the most two or three days before.

Q.—At that time, when you had this conversation prior to the 18th, did you learn that there had been a special conference called for the Saturday afternoon, at which Sir James Whitney, Mr. Hanna, Mr. Stewart, Mr. McNaught, Mr. Taylor and Mr. Montgomery were to be present?

A.—I cannot say whether I learned it there or not; within two or three days I knew that such a conference was to be called, but whether I learned it from Mr. Hanna, or Mr. McNaught, or Mr. Taylor, I cannot say, but I knew it, certainly.

Q.—And if at that time you wrote in your letter to that effect, that would be your recollection?

A.—Probably.

Q.—And it would be fresh?

A.—Yes.

Q.—And that conference you know as a matter of fact was not held?

A.—It was not; at least, I don't think so.

Q.—Referring to Mr. McNaught, can you tell me how Mr. McNaught had been brought into this? Who suggested bringing him in; was he brought in at your suggestion?

A.—At a certain stage, but I think his first connection with the whole transaction resulted from Mr. Taylor having called on him. Of course that is something I cannot speak about, myself.

Q.—Would this be a correct statement if you wrote it at the time, that McNaught had been brought into the thing at your suggestion, by Taylor going to him and telling his story in full?

A.—I would not like you to read that to imply that I suggested to Mr. Taylor that he go to Mr. McNaught, because I did not; Mr. McNaught was brought into this conference at my suggestion.

THE CHAIRMAN: Q.—You did not suggest to Mr. Taylor that he should go and see Mr. McNaught?

A.—Certainly not.

MR. DEWART: You did not suggest that to Mr. Taylor?

A.—Certainly not.

Q.—Did you suggest that he should go and tell him his whole story?

A.—No. Mr. Taylor had already been to him and told him his whole story.

Q.—Would your recollection not be better as it is put in your letter, that McNaught was brought into the thing by Taylor going to him and telling his story in full? Your memory might be more accurate then?

A.—Again the wording is unfortunate. Mr. Taylor went to Mr. McNaught, without any knowledge of mine, and Mr. McNaught told me he told his whole story; then I suggested that Mr. McNaught be present at this conference—not at that conference, but at the one which ultimately resulted, at which the four of us were present. I cannot recall the wording just now.

Q.—Did you learn whether Mr. McNaught went to see Mr. Hanna and Sir James Whitney?

A.—I don't know about Sir James Whitney. Mr. McNaught went to see Mr. Hanna; at least I don't recollect much about it; he may have gone to see him, and I may have known about it.

Q.—Did you know at that time that Mr. McNaught went to see Mr. Hanna and Sir James Whitney; would that be correct?

MR. NESBITT: Is it from his personal knowledge? I don't care to interrupt an interesting examination, but my learned friend is asking whether if he wrote that Mr. McNaught went to see Mr. Hanna and Sir James Whitney, it would be correct. He may have written fifty things from gossip and hearsay. The witness must only speak from his own personal knowledge.

THE CHAIRMAN: Quite so.

WITNESS: There are a great many things in that letter which are only hearsay.

MR. NESBITT: Then say that they are only hearsay.

MR. DEWART: Then let me ask with reference to the condition of things so far as the claim was concerned. During the summer had there been delay in the settlement; had Mr. Hanna to your knowledge been delaying the settlement all summer?

A.—I had no means of knowing, except what Mr. Taylor told me.

Q.—But you met Mr. Hanna?

A.—Mr. Hanna did not tell me, and would not tell me under any circumstances that I can conceive that he had been delaying a settlement of the thing.

THE CHAIRMAN: Did he, or did he not?

A.—No, he did not tell me that he had delayed it. He may have said it was delayed.

MR. DEWART: If it was written that Mr. Hanna had been delaying the claim all summer by way of making propositions for settlement, would that come from Mr. Hanna or not?

A.—It would come from Mr. Taylor, undoubtedly.

Q.—Did you learn from Mr. Hanna that when everything was apparently arranged he demanded as a final condition a letter withdrawing his charges?

A.—I did not.

Q.—Did you learn from Mr. Hanna that he did not suggest a letter?

A.—I did not.

Q.—Did you ever discuss that matter with him?

A.—I don't think I ever did.

Q.—Will you swear you did not?

A.—No.

Q.—Did you not know that Mr. Hanna was anxious to have a personal letter?

A.—Not to my personal knowledge.

Q.—Thinking the matter over again, and casting your memory back, did you not learn from Mr. Hanna at that time that he was demanding a letter from Mr. Taylor?

A.—I am sure I did not.

Q.—Did you learn from Mr. Hanna that he had wanted Mr. Taylor to retract and withdraw his charges?

A.—No, I did not.

Q.—Did Mr. Hanna discuss the charges with regard to the question as to whether they should be withdrawn or not?

A.—Again, please?

Q.—Did Mr. Hanna discuss the question with you as to whether Mr. Taylor should withdraw the charges?

MR. NESBITT: I object to this.

THE CHAIRMAN: He said no some time ago. I do not want to interfere with the examination, but the witness said that Mr. Hanna did not tell him anything about it. So that he could not have discussed it.

MR. DEWART: You may not want to interfere with me, Mr. Chairman, but you are not helping me very much. I was asking with reference to a demand of Mr. Hanna.

Q.—What did you know with reference to his desire, if anything, from him, to have Mr. Taylor withdraw the charges?

A.—I knew nothing from him.

Q.—All your knowledge came from Mr. Taylor?

A.—Yes.

THE CHAIRMAN: I was right, you see.

MR. DEWART: Did Mr. Taylor ever speak about it to Mr. Hanna in your presence?

A.—He did not.

Q.—Then you learned, I think you said, from Mr. Hanna, of the meeting to-morrow afternoon—the Saturday afternoon?

A.—It may have been the next day.

Q.—But it was Mr. Hanna told you of the meeting?

A.—It was.

Q.—And you had your own ideas in reference to it; then what happened, so far as the question of an Arbitrator was concerned; had there been any discussion of an Arbitrator up to that time?

A.—I had discussed the matter both with Mr. Hanna and Mr. Taylor. Not a single Arbitrator, but a Board of three.

Q.—What had you said to Mr. Hanna about it?

A.—Simply that I thought the matter could be settled with fewer disagreeable features and more economically in that way, and felt in my friendship that I should suggest that it be referred to a Board.

Q.—And what was your suggestion, if any, as to the Board?

A.—I don't think I made any suggestion as to the Board.

Q.—Did Mr. Hanna make a suggestion?

A.—He did.

Q.—What did he suggest as to the Board?

A.—He suggested that I would be willing act on the Board.

Q.—As first, second or third?

A.—As his nominee; I don't know whether it was first, second or third.

Q.—Did he express any other view with reference to the matter? Were you at that time fearful as to whether Mr. Taylor should use his personal attack as a club to force a settlement?

A.—What?

Q.—Were you at that time anxious for fear that Mr. Taylor might use his personal attack against Mr. Hanna as a club to force a settlement?

MR. NESBITT: That has nothing to do with it.

THE CHAIRMAN: Surely his feeling in the matter is not evidence here. You ask him if he was afraid that Mr. Taylor's threats to Mr. Hanna might mean something.

MR. DEWART: I am trying to lead up to another question.

MR. NESBITT: Then lead up to it in another way.

THE CHAIRMAN: Try and get over the high spots, Mr. Dewart.

MR. DEWART: Do you recollect at that time, when Mr. Hanna suggested that you should be one member of the Board of Arbitration, whether he suggested, or that you suggested, that both the financial and the personal matter could be settled amicably?

A.—I think I did. I have no doubt I did.

Q.—If you wrote at that time as to that, and the idea expressed to Mr. Hanna was that—

MR. NESBITT: I object. He has answered the question.

MR. DEWART: But there is a little doubt, Mr. Chairman.

MR. NESBITT: If a witness says he did not make a statement at a certain time, you are entitled to refresh his memory by asking, did you at that time and place, and the circumstance, and recall it to him; but where he has given an answer you cannot then attempt to put upon the record something that you are not otherwise entitled to get on the record under any possible circumstance.

MR. DEWART: Then I will put it in a way that will be absolutely fair.

MR. NESBITT: I ask that the question be struck from the record.

THE CHAIRMAN: I think a great many of the questions should be struck out of the record.

MR. NESBITT: There is not a particle of this cross-examination which is, in my opinion, regular. But I am here under this difficulty, I am representing Mr. Hanna, who must be burning with indignation—

MR. DEWART: I object to my learned friend making speeches to the gallery.

MR. NESBITT: Are you aware that you are the gallery that I am addressing? I am addressing you, personally.

MR. DEWART: There may be others "burning with indignation" with reference to other matters.

MR. NESBITT: Well, you won't, and you cannot shout me down.

MR. DEWART: I object to that remark.

MR. NESBITT: Let us have some decorum at any rate. I should have objected long ago, but for that circumstance. You ought to couch your questions in what I conceive you know is proper form. You have no right to ask the questions in the way you are asking them.

MR. DEWART: Then, Mr. Thorne, thinking the question over, as you have had an opportunity since this has been going on, did you suggest at that time to Mr. Hanna that both the financial and the personal matter should be settled amicably, and with equity?

A.—I may say frankly that I am sure that as far as my recollection serves me I did that.

Q.—And did Mr. Hanna agree to it?

A.—I think he did.

Q.—Then did you look up Mr. Taylor?

A.—I saw Mr. Taylor shortly afterward.

Q.—I believe he wanted you as sole referee?

A.—I think that was the position he took; I don't know whether he took it just at that time, or later.

Q.—Did you undertake the arrangement of that with Mr. Hanna?

A.—I think I told Mr. Hanna that Mr. Taylor was willing to do that.

Q.—And that you would act if Mr. Hanna was agreeable?

A.—Yes.

Q.—Then did you say anything further as to what attitude Mr. Taylor must take if that was arranged?

MR. NESBITT: Say to whom?

WITNESS: With regard to what?

MR. DEWART: Did you say anything to Mr. Hanna?

A.—About what?

Q.—That Mr. Taylor must give his word that if it was settled, his personal attack upon Mr. Hanna must cease for all time; did you say that to Mr. Hanna?

A.—Did I say what?

Q.—Did you say to Mr. Hanna that if he was agreeable it could be put through, but that Mr. Taylor must give you his word that if the suit was left to you as referee his personal attack on Mr. Hanna should cease for all time, but that he need not retract or write a letter?

A.—No, I did not tell Mr. Hanna what Mr. Taylor would do.

Q.—Did you tell him what arrangement you had made with Mr. Taylor?

MR. NESBITT: I object to that.

MR. DEWART: Could he not tell Mr. Hanna what Taylor's attitude was on that point?

MR. NESBITT: Your question was—

MR. DEWART: I have changed it.

MR. NESBITT: Your question was, whether he should not have to drop the personal attack.

MR. DEWART: I will put the question this way.

Q.—Did you say that that was his attitude, that Mr. Hanna would not insist upon a letter?

A.—No, I did not, because that was not the condition.

Q.—What was the condition?

A.—I told Mr. Hanna that I thought if he would agree with Mr. Taylor to leave the whole thing to me, that I could arrange that there would be no more publicity with regard to these personal attacks.

Q.—Was there any mention of a letter?

A.—I don't think so. I knew of the circumstance—hearsay evidence—but I don't think there was any mention of it at that time.

Q.—Did Mr. Hanna agree to what you suggested?

A.—Not at that time.

Q.—Tell us what his attitude was, and what he said.

A.—That the whole matter should be left over until the meeting which was to be held Saturday afternoon—I am quoting you in that connection.

Q.—So that at first he was not disposed to accept it?

A.—I would not say that, but he wished to have it left in abeyance until they had the meeting.

Q.—Did he talk over any other condition, after you suggested settlement to him?

A.—I don't remember that he did.

Q.—Would you say that he did not, in reference to a letter?

A.—I would not.

Q.—Was a letter discussed with you at all by Mr. Hanna?

A.—If it was, I certainly do not remember it.

Q.—Do you recollect his wanting a letter from Mr. Taylor—an apology or retraction, or something like that—only as far as Mr. Hanna is concerned?

A.—It is hard to answer you with my own recollection, but this matter of the letter is entirely something I heard from Mr. Taylor. Whether it was discussed with Mr. Hanna or not, I cannot say, but I knew about it at the time

from hearsay; I had heard about it, but I cannot say whether Mr. Hanna ever mentioned it to me or not, and I do not remember if he did.

Q.—Can you recollect where you heard it, where it was said to you?

A.—Where Mr. Taylor told me about it?

Q.—Yes.

A.—No, I cannot. I saw Mr. Taylor in various places.

Q.—You cannot tell whether Mr. Hanna was present?

A.—Mr. Hanna was not present.

Q.—Can you recollect whether it was discussed in Mr. Hanna's presence?

A.—I never was at an interview subsequent to October, 1911, when Mr. Hanna and Mr. Taylor were present, except the one on the 18th of November, and the letter was not discussed at that time.

Q.—Mr. Hanna said to let it stand until next day; did you say you thought that was the best arrangement he could get, and all he could get?

A.—Undoubtedly that was the best I could get, surely.

Q.—If you at that time wrote that still he (Mr. Hanna) was not satisfied and would not consent unless Mr. Taylor retracted, was that correct?

A.—If I wrote, what?

Q.—If you wrote at that time that still he (meaning Mr. Hanna) was not satisfied and would not consent unless Mr. Taylor retracted, was it correct?

A.—I would hate to put it that way. Mr. Hanna said before to just let this go until the meeting to-morrow afternoon, that he would not agree to it or disagree with it.

Q.—Do you recollect the circumstance, that you went to Mr. McNaught that Friday?

A.—I did, after I saw Mr. Hanna.

Q.—Was your reason for going to see Mr. McNaught, Mr. Hanna's statement to you with reference to the matter?

A.—My reason for going to see Mr. McNaught was this, that according to my own notion I thought they were having too many people at that meeting, and that Mr. McNaught, Mr. Taylor, Mr. Hanna and myself would settle the matter, with the probability of less friction than we could in a larger meeting, and I went to Mr. McNaught and suggested that he use his influence to have only the four of us there, and to settle the matter up at that time.

Q.—Then you had a conversation with Mr. McNaught with reference to the matter?

A.—I had.

Q.—And learned some things from him—and I cannot go into this with you; nobody else was present?

A.—No one was there but Mr. McNaught and myself.

MR. DEWART: I would go into these matters, if the Chairman thought it would be evidence, but I do not want to encourage his eternal displeasure. I may be taken as understanding that I would be ruled against on it.

THE CHAIRMAN: Certainly, and you think on your own judgment that you should be ruled against on it.

MR. DEWART: Very well, sir.

Q.—Do you know whether Mr. McNaught saw Mr. Hanna?

A.—No. I don't know whether he saw him or not, but I know it was

ultimately arranged as I suggested to Mr. McNaught. I possibly should modify my statement and say that Mr. McNaught and I in consultation (I am not looking for any credit) concluded that it would be better if there were only the four there.

Q.—Mr. McNaught having a knowledge of the circumstances, was entitled to some credit, too?

A.—It would be better to put it the other way, that I might possibly be entitled to a little credit.

Q.—You knew it ought to be straightened up?

A.—Quite so.

Q.—From whom did you learn that there had been any further arrangement with reference to the matter; did you learn whether Mr. McNaught saw Mr. Hanna—I asked you before, and you said you were not sure?

A.—I don't know what happened. The next thing I knew, I think I got it from Mr. McNaught, that the four of us would meet at four o'clock. And we did.

Q.—Anyway you got word from Mr. McNaught or somebody else?

A.—Yes.

Q.—Then what happened; did you meet?

A.—We did.

Q.—Did you telephone to anybody else, outside of those who were concerned with the meeting beside yourself? Did you telephone to anybody else?

MR. NESBITT: It is not evidence, if he did. We have nothing to do with it.

MR. DEWART: I am asking about his personal action.

MR. NESBITT: I don't care if you are.

MR. DEWART: Did you telephone any of the parties?

A.—I don't remember.

Q.—Did you telephone Sir James Whitney's Secretary with a view of having Mr. McNaught confirm your information to Sir James Whitney?

A.—What do you mean?

Q.—Your information with reference to the meeting at Sir James Whitney's office being off; there had been a meeting called at Sir James Whitney's office?

A.—Yes.

THE CHAIRMAN: We hadn't any evidence of that.

WITNESS: I think I referred to it.

MR. DEWART: What I mean to say is, did you 'phone to Sir James Whitney's Secretary to have Mr. McNaught confirm your conversation to Sir James Whitney that the meeting was off?

A.—I remember that in this way, now that you bring the point up to Sir James Whitney's Secretary—that I thought it best to learn from him that this meeting of six or seven or eight had been definitely called off, and I have a hazy recollection now that possibly I did telephone him to learn that definitely.

Q.—Did you meet on the Saturday afternoon at four o'clock in Mr. Hanna's office?

A.—We did.

Q.—Tell us who were there?

A.—Mr. Hanna, Mr. McNaught, Mr. Taylor and myself.

Q.—Give us your fullest recollection of the conversation?

A.—I don't remember the conversation, sir. I remember the outcome of the meeting, very distinctly.

Q.—Give me your best recollection of what took place at that meeting on the Saturday afternoon?

A.—I can't remember just that.

Q.—Who started the ball rolling?

A.—It is very hard to say. That is fifteen months ago. I don't remember the details of the conversation. I remember how it came out; I remember how it was accomplished.

Q.—You were meeting there to settle up these little differences, were you not; were they discussed?

A.—No, the differences were not discussed. The main discussion was as to whether or not each party was satisfied to take this matter out of the hands of the Court, and leave it to an arbitrator or to a Board of Arbitration, and it was discussed, both a board and a single arbitrator, and the single arbitrator was finally decided upon, and other single arbitrators than myself were suggested, and I was finally agreed upon and asked if I would do it, and I said yes, I would, and I went ahead and did it.

Q.—What with reference to the little differences which existed between Mr. Hanna and Mr. Taylor over those rather suggestive remarks of Mr. Taylor?

A.—I don't think they were referred to at that meeting.

Q.—Had you conveyed anything to Mr. Hanna before that meeting and after seeing him on the Friday, as to Mr. Taylor and his remarks?

A.—Had I conveyed anything to Mr. Hanna?

Q.—Yes.

A.—What do you mean?

Q.—I can't ask you?

A.—Do you mean articles, or words?

Q.—Words. I cannot ask you what passed between Mr. Taylor and yourself, except so far as it was communicated by you to Mr. Hanna. What I want to get at is, whether anything that passed, any words between Mr. Taylor and yourself were communicated to Mr. Hanna; I mean there were personal differences?

A.—I think I know what you were driving at.

Q.—What took place at the meeting; tell us about it.

A.—I had forgotten about it, when you asked me to detail the conversation before. Possibly you can recall to my mind some other things. Mr. Taylor stated that if I would accept the reference and act upon it—

THE CHAIRMAN: Was this at the meeting where the four of you were present?

A.—It was.

MR. DEWART: Who were present,—Mr. Hanna, Mr. McNaught, Mr. Taylor and yourself?

A.—Quite right. Mr. Taylor spoke to me directly and stated that if I would accept the reference, and act upon it as quickly as I could, in order that he might get away, that he would give me his word that he would make no further—shall I say, “attacks?”

MR. NESBITT: Was it said so that the others could hear it?

A.—It was; that he would make no further attacks or remarks derogatory to Mr. Hanna. Mr. Taylor said that to me. That is what you are trying to get out, Mr. Dewart?

MR. DEWART: Yes, that is what I am trying to get at. That is what I understood had taken place.

Q.—Tell me what further followed that; did Mr. Hanna hear it?

A.—Mr. Hanna heard it, and Mr. McNaught heard it.

Q.—What then was the attitude of Mr. Hanna and of Mr. McNaught with reference to it, and what did either of them say; follow your own recollection.

A.—I don't know that either of them made any comments upon it. Mr. Taylor had said that if I would do certain things that he would do certain things, and I said “All right, Mr. Taylor, I will do my part,” and Mr. McNaught and Mr. Hanna expressed their consent, and the document, a copy of which you have, was drawn.

Q.—Where is the original, by the way; do you know?

THE CHAIRMAN: I think the original is here somewhere, Mr. Dewart.

WITNESS: I can swear to a copy. It was a very brief document.

THE CHAIRMAN: Perhaps I may be wrong. It is the original award that is here. The reference is one of the things Mr. Thorne said had gone with the other papers.

MR. DEWART: Who drew the document up?

A.—Mr. Hanna dictated it to his secretary.

Q.—And it was signed up; look at the copy, perhaps it will refresh your memory?

A.—I remember it was signed by Mr. Hanna, Mr. Taylor, and Mr. McNaught, and I was a witness, I think.

Q.—So it was heard by Mr. McNaught and Mr. Hanna, and accepted by both as a settlement, and the document was witnessed.

A.—You can draw that inference.

Q.—You said that?

A.—No, I did not, because Mr. McNaught nor Mr. Hanna so far as I recollect did not have anything to do with Mr. Taylor's remark to me, nor did not consent to it. Mr. Hanna had said that he was content that I should act, and Mr. Taylor said he was content that I should act, on this understanding, and I did so.

Q.—That is, that the personal attack should cease, and Mr. Hanna dictated the document, he signed it, Mr. Taylor signed it, and Mr. McNaught signed it?

A.—Right.

Q.—What became of it then?

A.—I think it was drawn in duplicate, and Mr. Taylor took a copy and Mr. Hanna retained a copy—I can't recollect that, though. I got a copy.

Q.—Did Mr. McNaught get a copy of it?

A.—Well, I don't know, but it strikes me it was in duplicate.

Q.—Do you remember any remark being made in the presence of Mr. Hanna as to what Mr. Hanna was going to do with the copy of the document then; do you remember him taking it in to Sir James Whitney, and left for that purpose?

A.—I don't know that he left for that purpose.

THE CHAIRMAN: Is this personal knowledge?

MR. DEWART: He should answer the question in any event.

WITNESS: I understood—

THE CHAIRMAN: Wait, Mr. Dewart.

MR. DEWART: Something was said which intimated that—

THE CHAIRMAN: Do not take this question, reporter.

MR. DEWART: What I asked was, whether anything was said at that time in Mr. Hanna's presence from which you learned that Mr. McNaught was taking one of the copies to Sir James Whitney?

THE CHAIRMAN: That was not the question you asked him. You asked him if he left, withdrew, to take it to Sir James Whitney.

MR. DEWART: Then I dropped it.

Q.—Cast your mind back to that occasion, Mr. Thorne, when the four of you were there together and the documents were signed; do you remember any remark, both in Mr. Hanna's presence and hearing, as to Mr. McNaught taking one copy of the document to Sir James Whitney, and leaving for that purpose? Think that over, please.

A.—I cannot say yes, definitely, to that question. I can go on and tell you what I understood was to happen.

Q.—What was understood by reason of being said at that meeting?

A.—No, not exactly.

Q.—What did you understand, by reason of what was said at that meeting?

THE CHAIRMAN: Ask what was said.

MR. DEWART: Was it by reason of something said at that meeting, or in Mr. Hanna's presence; you say you understood something?

A.—I am not trying to avoid an answer to the question, and I do not want you to feel that I am, but I cannot recollect that it was.

Q.—You cannot recollect whether it was said in Mr. Hanna's presence or not?

A.—In order to make my own position clear, I wish the Chairman would allow me to say what I did understand.

MR. DEWART: The witness has asked the Chair (and I think it is a reasonable request) as to whether it is his recollection that it was to go to Sir James Whitney.

THE CHAIRMAN: If I make a ruling of that kind, I will be asked every ten minutes to rule the same way.

MR. DEWART: He volunteers to make a statement in reference to one party whose conduct is the subject of enquiry here.

THE CHAIRMAN: I know how it is. The witness starts off, not speaking from personal knowledge, and not stating what he knows. If he says he understood so and so, you surely do not urge that that is evidence here. He might have misunderstood the situation altogether. Let him say what happened, and we will draw our own conclusions.

MR. DEWART: It is all right, in cross-examination. The witness was in the employ of the Government.

THE CHAIRMAN: But you cannot say that this witness is not a favorable witness.

MR. DEWART: He is a fair witness, but he is a witness who has been an employee of the Government and in consultation with my learned friend and one of his clients; he does not come from my camp.

MR. NESBITT: One would suppose that that statement would have come with a little better grace. Would you hand me your brief of instructions?

MR. DEWART: What I was going to say is this, that if I as a matter of fact in the presence of a witness despatch a message boy, directing him to go to a certain place, surely the fact that I despatched him to do that certain work is a circumstance that I can show, just as much as if I showed that a letter was directed to a certain person and was handed to an office boy to post. I propose to follow it up when Sir James Whitney gets in the witness box, by asking him.

THE CHAIRMAN: That's the way to do it exactly. You are loading up the record with entirely irrelevant stuff. You should have some regard for the Committee's powers of endurance. I would like to accommodate everybody here, if it was in our power to do so, but I am not going to permit the witness to repeat what he understood, unless he can state the facts. We will then draw our own conclusions.

MR. DEWART: If he understood from a certain phrase that a certain thing was sent to Sir James Whitney, isn't that evidence?

THE CHAIRMAN: I don't think you do state seriously that it is.

MR. DEWART: All right.

Q.—Thinking the matter over, Mr. Thorne, can you give me any closer recollection as to whether Mr. Hanna was present at the time of any matter you are about to refer to?

A.—Mr. Hanna was present, but I don't think there was anything said at that time that Mr. McNaught or anyone else was going to give a copy of this to Sir James Whitney.

MR. DEWART: Had it been discussed before; had there been an understanding before, as to which Mr. Hanna was a party, that it should be sent to Sir James Whitney?

A.—I can quite conscientiously say "No" to that.

MR. DEWART: I cannot go into the question of whether it would go to Mr. McNaught or not?

THE CHAIRMAN: You cannot do that without asserting it.

MR. DEWART: During the course of your investigation, after you undertook the duty of an arbitrator, were any suggestions or advances made to you by any person on behalf of the Government, or representing the Government?

A.—Of what nature?

Q.—Advances or suggestions you did not think were proper?

MR. NESBITT: What have we to do with that?

MR. DEWART: I say if any Government official made an assertion, it is proper here.

MR. NESBITT: You are asking about Mr. Hanna and Sir James Whitney. If you are going to drag in the office boys—is it Mr. Hanna or Sir James Whitney?

MR. DEWART: Were any suggestions made by Mr. Hanna to you?

A.—No, sir.

Q.—And you did not go and trouble Sir James Whitney?

A.—No, sir.

MR. DEWART: Do you rule, Mr. Chairman, that I cannot ask whether suggestions as to the award were made to him by officials of the Government?

THE CHAIRMAN: Certainly.

MR. DEWART: The solicitor for the Government, appointed by the Department?

MR. NESBITT: Are you suggesting that Mr. Stewart made improper suggestions to the arbitrator?

MR. DEWART: I don't know. I am asking the witness.

MR. NESBITT: You are asking whether he rules on the question if the solicitor made improper suggestions. I ask you about a personal friend of mine. Do you ask if Mr. A. M. Stewart was guilty of trying to bribe this witness?

THE CHAIRMAN: I direct the reporter not to write down this discussion. And I may say that we are allowing entirely too much latitude here. I want to be reasonable, and more than reasonable. I want to give the widest possible latitude, but counsel are trespassing upon the patience—of the Chairman, at any rate.

MR. DEWART: Bear with me one moment.

THE CHAIRMAN: That is pretty difficult.

MR. DEWART: There was something said in the letter about red tape.

Q.—Did Mr. Hanna say the delay was due to red tape?

A.—He did not use those words. I gave it my own nomenclature as red tape.

Q.—You undertook, as you have told us, the burden of this arbitration?

A.—I did.

Q.—It was on Saturday afternoon about four o'clock, too late to do anything that day?

A.—I did not do anything that day.

Q.—You had been, as you told us before, looking into the matter off and on, five or six days in all when you were acting for the Government?

A.—I did not say five or six days.

Q.—How long did you work at it before you were appointed as arbitrator?

A.—I could not tell you, as I said this afternoon, but it was a considerable period.

Q.—Let us understand how you went about the arbitration; did you have a sitting as arbitrator?

A.—I did not.

Q.—Did you call any witnesses?

A.—I went to see the witnesses. I did not call them to me.

Q.—No witnesses gave evidence before you?

A.—No, sir.

Q.—No solicitors went to see you?

A.—I did not ask anybody to come and see me.

Q.—No witnesses, no counsel, no sittings—what did you do?

MR. NESBITT: Is that a statement? Ask him what he did, and that is all you can do.

MR. DEWART: Direct your mind back to where you were—no witnesses, no counsel, no sittings—

MR. NESBITT: I never saw such persistence. It is absolutely without precedent, and utterly wrong, and my learned friend knows it.

THE CHAIRMAN: Ask him how he conducted it, and what he did.

MR. DEWART: He did not proceed regularly. That is what I am trying to find out.

THE CHAIRMAN: You proceed regularly, I mean.

MR. DEWART: Did you summon any witnesses before you and swear them?

A.—I did not.

Q.—Did you have counsel appear before you?

A.—I did not.

Q.—Did you hold any sittings?

A.—I did not.

Q.—What did you do?

A.—Now you are coming.

Q.—What did you do; I have got all the dead wood out of the way for you?

A.—I went to see Mr. Stewart.

Q.—Who is he?

A.—He was to have been the Attorney for the Government, if the case had gone to Court.

Q.—He is the gentleman who was referred to in the Public Accounts as having received \$550?

MR. NESBITT: This is utterly objectionable.

MR. DEWART: Tell me what you did do. You were telling us that the first man was Mr. Stewart, who was to have been the solicitor if the case had gone on; who else did you go to see? What are Mr. Stewart's initials?

A.—A. M. Mr. A. M. Stewart. But I do not want you to infer that I went to him first; possibly I did. I don't know now just in what order I went to them. These are the people I saw in this connection; Mr. A. M. Stewart; Mr. S. A. Armstrong, the Deputy Provincial Secretary; Mr. E. R. Rogers, Inspector Prisons and Asylums; Dr. Gilmour, Warden of the Central Prison; Mr. Edgar, the Accountant at the Central Prison; the foreman of the machine shop in the Central Prison—I have forgotten his name.

Q.—Mr. Mason?

A.—No, Mr. Mason is an engineer. It was the foreman of the machine shop; I don't know his name. I did see Mr. Mason, very briefly, I think, only a few moments. I believe those were all on the Government side of the case. I saw Mr. Taylor, of course, his son, Mr. A. C. Taylor, and Mr. H. M. Perry.

Q.—Mr. Perry had been the Accountant and was afterwards the General Manager?

A.—I don't know. He was General Manager. Mr. Taylor was the owner and conductor of the business, and Mr. Perry was his Manager. I also saw Mr. J. D. Montgomery, very briefly. There may have been others.

Q.—Did you look into the books of the Central Prison ?

A.—I did.

Q.—And the books of the Taylor-Scott Company ?

A.—The Taylor-Scott Company's books.

Q.—Did you look into the books that were kept by the Central Prison authorities ?

A.—Some of them, such as were pertinent.

Q.—And the books at the Parliament Buildings ?

A.—There were none that would throw any light on the situation.

Q.—Did you look into the two accounts, the one in January of \$17,000, raised on the 16th of May by recalculation to \$19,000; you saw those ?

A.—Mr. Stewart showed me those.

Q.—Are you not in error when you said before adjournment this afternoon that you saw a \$40,000 statement; was that not a statement you made up yourself, from your knowledge and information in reference to the matter ?

A.—I cannot conceive of you asking that question without you being pretty sure. I am pretty sure I did see such a statement.

Q.—From all the productions we have been able to get from any source, there has been no suggestion of any \$40,000 statement anywhere; the odd feature is that the first time the \$40,000 appears is in this particular statement in which you make your award, and you appeared to reduce the figures of \$40,000 to \$22,000; up to the time of the filing of the Petition of Right, the largest claim made was \$19,000 up, and here for the first time the amount you calculate upon as the amount of the claim is \$40,000; can you account for the \$40,000 statement ?

A.—That is the amount of the claim which Taylor, Scott & Company filed, and as I say, I am morally certain that I saw a copy of it in Mr. Stewart's office, but I certainly did not prepare those figures which totalled \$40,000, nor did I have any part in preparing them.

Q.—Then you cannot account for all the vigorous jumps they seem to have taken ?

A.—I have nothing to do with that.

Q.—I am not suggesting that you have; but you cannot account in any way for that ?

A.—I cannot.

Q.—Take the item, loss estimated from lack of power, January, \$60,300; February, \$8,800, and when we come to consider the account, although that was the largest one, it appears to have been served before the petition of right, the item is gone up \$27,000.

THE CHAIRMAN: Ask Mr. Taylor's man, who made those items. This witness knows nothing about it. What is the use of asking him ?

MR. DEWART: Did you get details to show you the \$27,900, and how that very largely increased claim was made up ?

A.—I refer to it here, do I not ?

Q.—I am anxious to find out how it happened, because there is no explanation in any books produced ?

THE CHAIRMAN: I do not see how you can get it from a man who had no part in preparing it.

MR. DEWART: He afterwards assessed it and reduced it, Mr. Chairman.

THE CHAIRMAN: But he cannot account for what you say is a large increase. He only had the one claim before him.

WITNESS: I do explain it here.

MR. DEWART: I beg your pardon.

A.—“Method of figuring resultant loss incorrect.” They had a formula for figuring that loss. I took the position that their formula was incorrect. I am positive that I saw the statement, because that formula was shown in the statement of claim which Mr. Stewart had from Mr. Taylor.

THE CHAIRMAN: What you say is, that the statement of the formula from which they made up the \$27,900, was incorrect?

A.—Yes.

Q.—And you reduced it to \$16,000?

A.—Yes.

THE CHAIRMAN: You may as well cut it out, so far as he is concerned.

MR. DEWART: Did anybody else suggest a formula; did Mr. Postlethwaite suggest a formula?

A.—He did not. It was a very difficult item, to my mind, to value it. Mr. Stewart, if I remember correctly, and I think I had stated that granted there was a shortage of horsepower, that there was undoubtedly an amount which Mr. Taylor should receive as damage for that shortage. Note now that Mr. Stewart did not admit that there was loss of horsepower, or shortage rather of horsepower. Because this item was so difficult for me to value, I said to Mr. Stewart that granted that there was a loss—and I asked him to take one or two other conditions for granted—what would be the proper measure of damage for this shortage. Mr. Stewart very kindly stated a formula; I suggested later that formula, granted the same conditions, to Mr. Postlethwaite, and he stated he could see no objection to the formula. I also stated the formula to Mr. Edgar, and if I remember correctly, I also stated it to Mr. Armstrong, but I would not like to say positively regarding that, and all of these gentlemen—I should not say it that way—but none of them could say, or felt that they could say, or at least did say, that the formula was unfair, and it seemed fair to me also, and that was the formula I adopted, and it resulted in the \$17,000 and odd.

Q.—Can you tell me what the formula was?

A.—I am sure I cannot. It was rather complicated, and I do not remember it.

Q.—I have asked you some questions to-night with regard to certain matters, and you have not entirely accorded with all I said. I want to ask you now if that letter (shows to witness) is in your handwriting?

MR. NESBITT: You cannot put that in.

MR. DEWART: The letter is dated January 22nd, 1912; it is in your handwriting?

WITNESS: Am I to answer it, Mr. Chairman?

MR. NESBITT: He is entitled to ask whether it is in your handwriting.

MR. DEWART: Look at it, and tell me whether it is in your handwriting.

A.—Yes, it is.

MR. DEWART: Then, on the ground that some of his answers are at variance with some of the statements in the letter, I propose to read the letter so that it may go in, in reference to these statements.

THE CHAIRMAN: To whom is it written?

MR. DEWART: I desire to put it in, with reference to such statements.

MR. NESBITT: Is it a document addressed to anybody?

MR. DEWART: Is it addressed to a friend of yours?

A.—The name of the person is not given, only his Christian name.

THE CHAIRMAN: To whom was the letter written; what source did it come from?

MR. DEWART: The letter does not show.

MR. NESBITT: Is it addressed to some third party?

A.—Certainly, a third party.

Q.—What is his name?

A.—Harry Maisenville.

Q.—Not Sir James Whitney?

A.—No, sir.

Q.—Not Mr. Hanna?

A.—No, sir.

MR. NESBITT: Then I object to its reception.

THE CHAIRMAN: You do not urge that a letter written to Mr. Maisenville would be any evidence here? He might have written me a letter, or might have written a dozen letters. The reporter will not write any of this discussion.

MR. DEWART: I ask for leave to put this letter in his hand, with reference to the clause relating to the retainer he was to receive, and the cash, on which point he said he did not recollect.

THE CHAIRMAN: You have gone as far as you can go on that. I was surprised that nobody objected to the evidence going in. I think it was all wrong.

MR. BOWMAN: Mr. Chairman, I appeal from your ruling, as a member of the committee.

THE CHAIRMAN: And I will be very glad to have the matter decided by the committee.

MR. MCGARRY: The committee can rescind the resolution passed last week, of allowing counsel here at all. Too much time altogether has been taken up with speeches to the gallery.

MR. BOWMAN: I appeal from the ruling the Chairman made a moment ago, because I do not think it is sound. I understand that the Chairman has ruled against the request of Mr. Dewart that the witness be allowed to refresh his memory by reading this letter.

THE CHAIRMAN: Here is a letter which has absolutely no ground for admission, admittedly by all parties. It could not possibly be admitted here. Mr. Dewart has cross-examined or examined the witness in reference to it, improperly, I think, to a large extent, and now he wants to put it in the witness's hand and ask him about it. I cannot permit that. If an appeal is taken from the ruling of the Chair, we will have the voice of the committee upon it. The question is simple; shall the ruling of the Chair with reference to this matter be sustained? All in favor say yes, and those contrary say no. Do you wish the vote recorded?

MR. BOWMAN: Yes, sir.

(Upon the vote being taken the following members voted yea): Armstrong Black, Brewster, Devitt, Eilber, Ferguson (Simcoe), Galna, Grant, Hartt, Jessop, Lennox, Mathieu, Morel, Mills, McGarry, McCrea, Neely, McKeown, Norman, McQueen, Preston (Lanark), Preston (Durham), Ross, Shillington, Thompson (Simcoe), Vrooman, Whitesides.

(The following voted nay): Bowman, Elliott, Munro, Marshall, Racine.

THE CHAIRMAN: The ruling of the Chair is sustained. I hope that point is settled. Are you through now, Mr. Dewart?

MR. BOWMAN: Mr. Chairman, certain questions have been asked by Mr. Dewart and certain records have been ordered by the Chairman to be expunged from the record. I desire to appeal from your ruling in that matter.

THE CHAIRMAN: You will have to put a motion in at this stage for that sort of thing, in writing. That was some time since. I fancy Mr. Bowman is trying to be facetious with the Committee; he is trying to work a joke off on us.

MR. NESBITT: I will be glad to stop at any time, if Mr. Bowman makes his motion. It has to take the form of the questions objected to, and I fancy Mr. Elliott has forgotten, so I had better not delay proceedings for that.

THE CHAIRMAN: Let us get on.

CROSS-EXAMINED BY MR. NESBITT.

Q.—I think you have already told us that you were in the Department from some time in November, 1905, until July, 1907?

A.—Yes.

Q.—When did you begin, in 1905?

A.—March.

Q.—And you had to do with all the phases of accounting in Mr. Hanna's Department?

A.—Not in the Registrar's Department; in the Department of Prisons and Asylums.

Q.—That is to say, all the contracts and everything of that character?

A.—There were only two contracts that I had anything to do with, and they were Central Prison contracts, but Mr. Hanna frequently called me in on matters that did not refer to the accounting end only.

Q.—Had you to do with the contractors with the Department, the accounting in connection with them?

A.—Certainly, and to a small extent other matters.

Q.—Are you able to speak as to the conduct of the Department?

A.—Possibly not as to all; to a great many, though.

Q.—What have you to say as to anything you ever saw?

A.—What do you mean; as to the honesty or the integrity of the Department?

Q.—Yes.

A.—I cannot say a word.

MR. DEWART: How does this arise; what is the question?

THE CHAIRMAN: Mr. Nesbitt has asked him whether he has any knowledge about the efficiency of the system, or the Department, and he says he has, of some parts, and he is asked what his verdict is, or what he has to say.

MR. DEWART: How does that arise?

THE CHAIRMAN: He was brought in as an accountant, to reorganize the work of the Department, and he is asked whether the work was efficient. It is quite relevant, I think.

MR. DEWART: I submit the question should not be asked. I think the question of the efficiency or inefficiency is not in issue. The question, as my learned friend endeavored to tie me down to once very successfully, is as to the Head of the Department.

MR. NESBITT: That is all my question is directed to, as to the conduct of the Head of the Department as to the accounting.

THE CHAIRMAN: And not the efficiency of the staff, or anybody else.

MR. NESBITT: What do you say to that?

A.—I can say nothing derogatory of Mr. Hanna in connection with any transaction I know anything about; in fact, I am quite willing to say—if I am permitted to say it—that nothing he did within my knowledge was in any way fraudulent, or deceptive, or profitable to him, or anything of that sort.

Q.—Or detrimental to the interests of the public?

A.—Nothing that came to my notice.

Q.—Or favorable to any contractor?

MR. DEWART: That is not the issue here.

MR. NESBITT: You have attacked, and are attacking, the good faith of the Provincial Secretary and of the Prime Minister in reference to this Taylor-Scott contract, the award and the fairness of the award, the propriety of the award, that the award was a purchased award.

MR. DEWART: We never said that. Do not put words in that do not exist, please. What I submit is, that no matter what other things may exist, the fact that a man has dealt honestly in twenty other transactions is not a matter as to which they can give evidence to show that he was not transgressing in this particular case.

THE CHAIRMAN: But the trend of your examination was suggesting that there were improprieties in this Department.

MR. DEWART: In this matter.

THE CHAIRMAN: All Mr. Nesbitt is asking is, from his personal knowledge, what he knows about the efficiency in the management of the Department, and the witness is answering very fairly. I think the question is a very proper one.

MR. NESBITT: I wanted to ask you something further; you spoke of the entry upon your employment in reference to the preparation of the Government's case, which I think was some time in the fall of 1911?

A.—Yes, sir.

Q.—That you say was first suggested to you by Mr. Hanna asking whether you could take charge of the preparation of the Government's case?

A.—It was.

Q.—Was that because of your previous knowledge, the arrangement of the contract, and the starting out with a proper system of bookkeeping, etc., in connection with the Department?

MR. DEWART: He cannot tell what was the operating cause in Mr. Hanna's mind.

THE CHAIRMAN: Mr. Hanna may have told him.

MR. NESBITT: Did he say that that was why he wanted you?

A.—To that effect.

Q.—Had you any relation, directly or indirectly, with Mr. Hanna after your leaving the Government's employ, before that?

A.—Yes, when he asked me when I was over here in the summer, to interpret certain things that had been done; I had been kept, Mr. Nesbitt, in rather close contact with the thing by having seen Mr. Hanna half a dozen times.

Q.—In reference to the questions arising under the contract?

A.—Yes, in reference to the questions as to the contract in general.

THE CHAIRMAN: You refer to your report of the 28th of April, 1908?

A.—I think so.

MR. NESBITT: Do you know when the fiat was granted?

A.—I do not.

Q.—You did not know anything about the fiat?

A.—I knew that Mr. Taylor was applying for one, and that there was some delay in getting it—at least, Mr. Taylor told me so.

Q.—But you had nothing to do with the fiat?

A.—Nothing whatever.

Q.—It was some months before you were requested by Mr. Hanna to take charge of the preparation of the Government's case?

A.—I so understood it.

Q.—Purely in that professional capacity?

A.—As a witness.

Q.—And you did in fact consult with Mr. Stewart more than once, I understand?

A.—I did.

Q.—He was a solicitor?

A.—Yes, sir.

Q.—And you say that the claim as put forward, and as you were analyzing it, amounted to some \$40,000?

A.—Yes, and besides that there were one or two items not valued by Taylor, Scott and Company.

Q.—In what way?

A.—They said "This is something we won't attempt to put a measure on, and whether it is a Court or an arbitrator decides upon it, they will have to say how much we are entitled to under the items."

Q.—Can you tell me whether in the course of the discussion you ascertained that Mr. Taylor's solicitor was complaining very bitterly of some of the defences Mr. Stewart was setting up on behalf of the Government?

A.—I did not know it to the extent you speak of. I know Mr. Montgomery said he understood——

MR. DEWART: That is not evidence, surely.

THE CHAIRMAN: It is scarcely evidence.

MR. NESBITT: I have permitted my learned friend to let him say that he went to Rogers, Montgomery, Stewart, and to everybody else.

MR. DEWART: But not what was said.

THE CHAIRMAN: Ask him if he learned so and so as a result of the interview.

MR. NESBITT: Was anything present in the minds of the parties—or what was said—that Mr. Taylor's solicitor was ready to get rid of some technical defences and avoid appeal?

A.—I feel that I am in a difficult position. I don't want to say anything that somebody will object to, and I want to answer you fairly. The knowledge of that condition was in my mind, certainly.

Q.—Did Mr. Taylor nominate Clarkson & Cross?

A.—He did, on the 18th of November.

Q.—Then you were agreed to; when he said he would agree to you, you were nominated by Mr. Hanna, I believe?

A.—I was.

Q.—When he said he would agree to you, did Mr. Hanna turn to him and say "It is only fair, Mr. Taylor, that you should know that Mr. Thorne has been in the Government's employ in the preparation of their case"?

A.—He did.

Q.—Before the document was signed?

A.—Some time.

Q.—And before you were finally nominated as the man?

A.—Yes.

Q.—He said to Taylor "I think you ought to know that"?

A.—He did.

Q.—Before you would accept?

A.—He did.

Q.—At what point in the conversation was that?

A.—At the point you state, after the suggestion had been made, and in fact after both parties had expressed themselves as agreeable to my acting as referee, but before it was definitely arranged and the document drawn up and everything settled up.

Q.—Just before that?

A.—Yes. I think both parties felt that the suggestion of myself had been made merely as a suggestion, and that possibly certain conditions would arise which would want them to withdraw their consent, and this was one of the things which was said—I don't remember it particularly, but it was in the interim conversation.

Q.—The parties met to see if they could agree upon whether it was to be tried by a Judge, or by an arbitrator or arbitrators. Is that correct?

A.—Yes.

Q.—You were aware that Mr. Montgomery was anxious to avoid a trial by a Judge, as being a tribunal not well fitted to dispose of such a matter of accounting?

A.—I knew Mr. Montgomery was of that opinion.

Q.—And were you aware that he had said to Mr. Taylor that he had to concede a great deal in order to bring about that result?

A.—I cannot say that I did know that.

Q.—Then when you met, the discussion was whether it was to be one arbitrator or three, at the beginning?

A.—That was discussed.

Q.—He naming Clarkson & Cross as his?

A.—He suggested that at least Clarkson & Cross should be one of the three, if there were three.

Q.—Did he nominate them as representing him?

A.—He named them as his nominees.

Q.—And the final result was that you were suggested as a person having a full knowledge, at the date of the making of the contract, of the bookkeeping in connection with it, and of the various verbal arrangements that had been made?

A.—Yes.

Q.—The Postlethwaite Agreement, and so on, the method of bookkeeping, and as having spent some time on the books, or knowing the books, as a person better qualified to look into it as a question of accounting?

A.—That is so.

Q.—And finally Mr. Taylor said he was content to accept you?

A.—He did.

Q.—And then Mr. Hanna said, apparently not knowing or thinking, that as Mr. Taylor did not know that you were in the Government's employ, that he thought it was only fair that Mr. Taylor should know that before he finally accepted you?

A.—Mr. Hanna wanted to make that quite clear.

Q.—Apparently he was of the opinion that Mr. Taylor was not aware that you were in the Government's employ?

A.—It would appear so.

Q.—There is no doubt he said that, before he would allow Mr. Taylor to sign the reference document?

A.—That is so; he did.

Q.—Then the document was dictated, you say; had he anything before him from which to dictate it?

A.—He had not.

Q.—Are you quite sure of that?

A.—If he had, I did not know of it, and I was sitting within a very few feet of him.

Q.—But are you positive?

A.—Mr. Hanna was sitting at his desk, and he got up and walked up and down the floor with his hands in his pockets when he dictated it, and he could not have had anything in front of him.

Q.—Was there anything on the desk, anything important?

A.—I don't think so.

Q.—At any rate, it was a very short document, and it was signed.

A.—It was.

Q.—And you entered upon your duties?

A.—I did.

Q.—Did you do your duties fairly and honestly?

A.—To the best of my ability.

Q.—Is that an honest award?

A.—To the best of my belief.

MR. DEWART: That is not a proper question, in reference to his own award.

THE CHAIRMAN: Why not?

MR. NESBITT: The whole charge is one of corruption.

THE CHAIRMAN: It is tantamount to asking him if he was improperly influenced.

MR. NESBITT: Did you, Mr. Thorne, before you made the award, take independent advice?

MR. DEWART: I object. As arbitrator he did not need any advice.

WITNESS: I did.

MR. NESBITT: Did you consult Mr. David Fasken?

A.—Yes.

Q.—Who is he?

A.—A member of the firm of Beatty, Blackstock & Company.

Q.—A partner of Mr. Mahlon Cowan?

A.—I don't know. I think they did business for my employers, and I went to them, not having an Attorney of my own.

Q.—Did you submit the legal propositions to him and get his advice?

A.—Not as to the amount of the award.

Q.—I am not speaking of that; but did you take up these formulas to satisfy yourself that you were right as a matter of law?

A.—I did, and I am glad you call that to my mind. In addition to the parties I said I suggested that formula to, I also suggested it to Mr. Fasken.

Q.—Did he concur in the view they had?

A.—Yes. He seemed to be of the opinion that it was a fair way of measuring the damages, the rule to be followed in determining the amount of damages.

Q.—The measure of damages?

A.—Yes, sir.

Q.—Your award was \$21,000?

A.—It was.

Q.—It is said here that the Petition claimed \$50,000?

A.—It did.

Q.—Although their claim as presented to the Department amounted to the sum of only \$19,000?

A.—The claim was shown to me as the Taylor-Scott Claim, which was I believe—as a matter of legal courtesy—as I am not familiar with such things—placed in the hands of Mr. Stewart.

MR. DEWART: Particulars were not given; he is speaking of the \$40,000 now.

MR. NESBITT: What is that document? (Shows to witness.)

A.—That is a copy. I made the copy myself—at least if that is the real typing. That is in my own writing. That is a copy of the claim placed by Mr. Taylor in the hands of the Government.

MR. DEWART: All you know is, that you got it from Mr. Stewart.

THE CHAIRMAN: What is the use of wasting time on it?

MR. NESBITT: And it is the claim of the other side? The statement here is that the claim was \$50,000, although their other claim as presented to the Department amounted only to the sum of \$19,463.02?

A.—Yes, sir.

Q.—Do you see in that statement which is said to amount to only that sum, this statement, "We append hereto itemized statements, reserving however the right to increase the same. Our books are open to the Department's representatives at all reasonable times." Were their books thrown open to you?

A.—They were.

Q.—And were the Department's books thrown open fully to you?

A.—They were.

Q.—Did you obtain all information possible before disposing of that account?

A.—I certainly did. Before making any award whatever with regard to any single item, I got every bit of information I could possibly learn.

Q.—Are you prepared to say now, after all that has occurred, that that award is a fair and honest award?

A.—I am.

Q.—Were you wholly uninfluenced, directly or indirectly, in making it?

A.—I was.

Q.—Was it agreed at the time you four met, that your fee should be fixed by Mr. McNaught?

A.—It was, and was so stated in the reference.

Q.—Did you claim in the meantime that you thought your services in such a complicated matter were worth \$2,000?

A.—I may have suggested that; I really cannot say, sir, but I sort of held out for \$1,500, if you choose to put it that way, that that was the lowest amount he ought to state.

Q.—Did Mr. Taylor say that he thought he was prepared to pay his half of \$1,500?

A.—He did.

Q.—And did he?

A.—He did ultimately pay it.

Q.—Did Mr. McNaught say that he thought a fair remuneration was one thousand dollars?

A.—At that interview?

Q.—At any time?

A.—He put it in his letter.

Q.—That the Government declined to pay you anything but the one-half of \$1,000?

A.—They did not decline. I did not ask it.

Q.—Did they pay you anything?

A.—They paid me \$500.

Q.—That included all your prior fees?

A.—It did.

Q.—For all your work in connection with the matter?

A.—It did.

THE CHAIRMAN: Your work before you were appointed an arbitrator?

A.—Yes.

MR. NESBITT: All work in connection with the case?

A.—Yes.

Q.—That was discussed at the meeting, was it not, that whatever fee Mr. McNaught would fix was to include all your work?

A.—It was. It was brought up at the same time as Mr. Hanna told him.

Q.—I think we have a very clear translation of what occurred at the meeting; you met, there was a discussion as to whether it would be tried by a Judge, or whether it was a proper case for a board of arbitrators, or for a single arbitrator?

A.—Right, so far.

Q.—After discussion, and the nomination of Clarkson & Cross by Mr. Taylor, were other people nominated besides?

A.—I don't remember any others. There may have been.

Q.—It was finally arranged that, owing to your previous knowledge and so on, that you were the best fitted person to take the burden of the award?

A.—A considerable point was made of the fact that I had so extensive a knowledge.

Q.—And even after that Mr. Hanna said to Mr. Taylor, "I want you to know before consenting and before saying, I want to make it perfectly clear that Mr. Thorne has been in my employ or in the Government's employ, working up the case for us"?

A.—To that effect.

Q.—It was also said that Mr. McNaught was to fix the remuneration?

A.—It was.

Q.—And that that remuneration was to include your previous work upon the case?

A.—Yes.

Q.—And that whatever he said, each party was to pay one-half?

A.—Yes.

Q.—And that was the sum and substance of it?

A.—That covers the meeting very fairly.

Q.—You ventured the remark, earlier in the evening, that there had been a delay of three months at the time of the granting of the fiat; do you know anything about that?

A.—That there had been a delay?

Q.—At the time of the granting of the fiat, that there was a delay in doing anything, or going on with the suit, for three months?

A.—That was hearsay evidence.

Q.—From whom?

A.—From Mr. Taylor.

MR. DEWART: If it was hearsay evidence, you cannot tell it.

THE CHAIRMAN: He made the statement in answer to you, I thought improperly.

MR. NESBITT: Were you also informed that the reason for that delay was because neither Mr. Montgomery nor Mr. Stewart on either side could go through the Departmental records and their own records, and so on, and get ready, under that time?

A.—I cannot say that I was.

Q.—Do you know now that that was the fact, that it was a solicitor's arrangement?

A.—I have been told that.

MR. DEWART: That is not evidence.

MR. NESBITT: Told by whom, by Mr. Montgomery?

MR. DEWART: That is not evidence either.

MR. NESBITT: Were you told it by Mr. Hanna?

A.—Mr. Hanna intimated it.

Q.—Did Mr. Hanna say to you that he thought Mr. Taylor ought to apologize to him for the statements he had made to him, for the language he had used to him?

A.—I will have to answer you as I did before, that he intimated as much.

Q.—And that is all you know about any letter, is it?

A.—Of my own knowledge?

Q.—Yes.

A.—Yes, sir.

Q.—Mr. Hanna and Mr. Taylor did not seem to be on very friendly terms?

A.—They did not.

Q.—From what you saw of them, you would not suppose that one was under the influence of the other?

A.—No. I have no reason to think that one was under the influence of the other.

THE CHAIRMAN: They were not doing favours for one another?

A.—They did not seem to be.

MR. DEWART: Sometimes there is stronger evidence than favours.

MR. NESBITT: Now I come to ask you about your friend; who is Mr. Maisenville?

A.—Mr. Maisenville was a private secretary to Hon. Dr. Reaume, Minister of Public Works.

Q.—What became of him?

A.—He told me that he had been dismissed by the Government.

Q.—Feels kindly towards Mr. Hanna?

A.—He does not.

MR. DEWART: I object. Mr. Maisonville's feelings have nothing to do with this matter. There is no communication from Mr. Maisonville. The communication is from this witness to Mr. Maisonville.

MR. NESBITT: Did you give my learned friend this so-called communication ?

A.—I certainly did not.

MR. DEWART: I ask that that be struck off the notes. I submit that when this witness has sworn that it was a letter written by him, and that the statements were true——

MR. NESBITT: He did not say they were true.

THE CHAIRMAN: No. The very last question or attempt you made to put that letter in was that something he said was not true.

MR. DEWART: But I desired to put the letter in.

MR. NESBITT: I am inquiring who Mr. Maisonville is. That is all my enquiry is directed to.

MR. DEWART: Mr. Maisonville has not given any evidence here, and his character is not in question here. This is a letter from this witness, and this enquiry is something which my learned friend is deliberately doing, under an endeavor to draw a herring across the trail.

MR. NESBITT: I am curious to a degree; where does he live now?

A.—He lives in Windsor.

Q.—He was in Dr. Reaume's Department?

A.—Yes.

Q.—He was dismissed, you say?

A.—He told me he was.

MR. DEWART: That is the rankest kind of hearsay. What I submit is, that what Mr. Maisonville may have told this witness about himself is not evidence here. It is the rankest kind of a herring the eminent counsel ever tried to draw across a trail. There is only one way in which it can be put in, and that is as evidence of the fact of his dismissal, with proper reasons. But surely what my learned friend is asking is not evidence.

THE CHAIRMAN: Everybody in this House and on this Committee knows that such is the fact. I did not think it was important enough to raise any objection to it; everybody knows he was dismissed from the service. It is a matter of public knowledge. If the Committee desires to know it, it is all right.

MR. DEWART: But what possible bearing has it upon this issue?

MR. NESBITT: Do you ask the question?

MR. DEWART: I put my question to the Chairman, and I urge again, what possible bearing has it upon this issue?

THE CHAIRMAN: Mr. Dewart, since you ask me, I am curious to know, myself, and I would like to know. Ask Mr. Nesbitt what bearing it has.

MR. NESBITT: My answer to that is, that these charges are fathered by Mr. Maisonville as blackmail, and are as false as his character.

MR. DEWART: My learned friend must not say that. I ask that it be stricken out. The opinion of Mr. Nesbitt, given in that way, is as contemptible an opinion as counsel could give.

MR. NESBITT: Not worth anything.

MR. DEWART: More than that, it is given with a view of directly influencing this inquiry in reference to a witness who hasn't anything to do with the matter in question.

THE CHAIRMAN: I said I was curious to know, and to ask Mr. Nesbitt what his object was.

MR. DEWART: And he disregarded the decencies of reply in the answer he made.

MR. MCGARRY: It might be well to have a precedent and have this expunged from the record.

THE CHAIRMAN: The Committee is prepared to expunge anything, even to the Counsel.

MR. NESBITT: The \$750 and the \$500 were all you ever received from any source in connection with your work?

A.—Right.

Q.—It has been stated to me that somebody has suggested (but it is incredible to me that it could be) that Mr. Stewart gave you some money out of his fee?

A.—It is utterly untrue.

THE CHAIRMAN: I thought Mr. Stewart was a lawyer.

MR. NESBITT: One of his brother professional men made that suggestion.

Q.—Did you have any connection with Taylor, Scott & Co. at the time of this award?

A.—I did not

Q.—Had you any such notion or intention?

A.—I had not.

Q.—How did you come to assume the name?

A.—At the time this award was made, Mr. Taylor's son and Mr. Perry, my present partner, were expecting to go on with the business of Taylor, Scott & Co. Mr. Taylor's son, for reasons of his own, decided, some two or three months afterwards, not to go on with it. Mr. Perry saw Mr. Taylor, and partially arranged to purchase the business; then Mr. Perry came to me and asked if I would go in with him as a partner, to purchase and conduct the business, and I did so, and my connection with Taylor, Scott & Co. began when Mr. Taylor's connection ceased.

Q.—And until months afterwards you had no connection, direct or indirect, with Mr. Taylor or his son?

A.—I had not.

Q.—And in fact never did have any connection with them, but with Mr. Perry, who bought out the business?

A.—Quite right.

Q.—Now I ask you again in reference to this award. This is the charge:—"I further charge that the actions of the said, the Hon. Sir James Pliny Whitney and Hon. W. J. Hanna, whilst respectively being Premier and Provincial Secretary, in connection with the said contract and adjustment thereof, the granting of the fiat and the settlement of arbitration and payment of the amount awarded together with the demand for and acceptance of the said sum of \$500 by the said W. J. Hanna in manner and for the purposes above set forth, are and were unlawful, corrupt and improper acts."

You only took part in the settlement by arbitration of the amount of the award?

A.—That is all.

Q.—Is there a particle of truth so far as the obtaining of that award is concerned in that charge?

MR. DEWART: Wait a moment. The witness can only speak of his own knowledge.

MR. NESBITT: So far as you are concerned, did either Mr. Hanna or Sir James Whitney have any influence, good, bad or indifferent, direct or indirect, upon you in the amount of the award?

A.—They certainly did not.

Q.—And the award is an honest and a just award as between Taylor and the people of the Province?

A.—To the best of my belief and ability.

Q.—Are you aware that Mr. Taylor was eminently dissatisfied with the amount?

A.—Dissatisfied? I don't know how "eminently" he was dissatisfied;; he was dissatisfied, certainly.

THE CHAIRMAN: One question I was going to ask about the other branch of the charge, "corruptly and improperly causing the issue of said fiat, and entering into the agreement to refer the said claim to the award of the said Thorne."

MR. NESBITT: So far as you are concerned, "I charge the said Hon. Wil-

liam J. Hanna and Sir James Pliny Whitney with illegally, corruptly and improperly causing the issue of said fiat."

A.—I had nothing to do with that.

Q.—"And entering into the agreement to refer the said claim to the award of the said Thorne"; is there a word of truth in that record, so far as you know?

A.—I can speak of my own knowledge, and say that there was nothing corrupt, so far as the agreement was concerned, because I had everything to do with it, and there was no irregularity in connection with it.

MR. DEWART: Did Mr. Taylor express himself to you as willing to accept \$20,000?

A.—Did Mr. Taylor express himself to me as willing to accept \$20,000?

Q.—Yes, did Mr. Taylor express himself to you as willing to accept \$20,000 in full settlement?

THE CHAIRMAN: He said he was dissatisfied.

WITNESS: Put a time on it. Try to help me out.

MR. DEWART: During the time the award was under consideration.

MR. NESBITT: When it was referred to you?

A.—No, he did not.

MR. DEWART: Before it was referred to you, and while the subject of petition, did he express that view; did he at any time say that he would be willing to accept \$20,000?

A.—Mr. Taylor never said the amount to me that he was willing to settle at, but I had heard that he had expressed an amount to others.

Q.—Will you name the others?

THE CHAIRMAN: No.

MR. DEWART: You say you knew nothing derogatory to Mr. Hanna in connection with any business of the Department; were the contracts you said you knew of the tenders for coal?

MR. NESBITT: Be truthful, if you please—the contract?

MR. DEWART: Thank you. I will be obliged if you will take that back.

MR. NESBITT: I said to be truthful. I am not saying you are not.

MR. DEWART: I ask my learned friend to take that back. I am asking a question. I was dealing with the question of contracts, and my learned friend objected to "contracts" and I said tenders. I presume there is more than one tender in connection with a contract. Now will you take the truthfulness back and put it down your own throat?

MR. NESBITT: No.

THE CHAIRMAN: You started to talk about coal tenders, and that does not arise in any way.

MR. DEWART: Having regard to the facts, I corrected myself when my learned friend called my attention to the word "contracts," and I said tenders.

Q.—Having regard to the fact that you told my learned friend that you knew of nothing derogatory in connection with Mr. Hanna and in connection with his Department; but the coal tenders of which you spoke in your evidence in chief—

HON. MR. HANNA: I know what he has in mind. I am wrong in breaking in, but what he has in mind is a tender with regard to which there is not a man in this room to-night who would take exception to what happened.

MR. DEWART: Q.—I understood you before, Mr. Thorne, to refer to a case in which there were tenders, whether tender or tenders—did they relate to business in the Department of the Provincial Secretary while Mr Hanna was Provincial Secretary?

A—It did.

HON. MR. HANNA: Was there a thing reflecting upon anything in connection with that tender in any way; I would like that asked, and further to identify the tender, because we will hear of it again.

MR. DEWART: Will you be prepared to identify this (letter) or I will ask you, Mr. Chairman, to identify it.

MR. NESBITT: You have no right to show it

THE CHAIRMAN: You are bringing something in which is not evidence.

MR. DEWART: Simply for identification?

MR. NESBITT: No.

THE CHAIRMAN: The Chair will undertake to say that it will not be marked. The reporter will not write any more of this discussion. Mr. Bowman has handed a resolution to me, moved by himself, seconded by Mr. Elliott. The motion is out of order, and is improper. It is tantamount to an appeal from the Chair which has been ruled upon. I think the resolution is absolutely out of order, and that it should not be included in the proceedings. Does any member of the Committee desire to ask Mr. Thorne anything more?

MR. DEWART: I would like to consider whether I should want to ask him anything. Mr. Thorne has not been detained very long. He only got here last night. I will endeavor to let him away after the morning session.

THE CHAIRMAN: It has been moved by Mr. Bowman, seconded by Mr. Elliott, that a subpoena be issued requiring Mr. W. K. McNaught's attendance before this Committee to-morrow. Carried.

What other witnesses do you want, Mr. Dewart? The only witnesses now are Mr. Taylor, Mr. Stewart and Mr. McNaught?

MR. DEWART: I will go on with Mr. Taylor in the morning. That will probably take the whole morning.

MR. NESBITT: I would like to go on instantly. I want to be ready the moment my learned friend is through.

MR. DEWART: I wish to put in a copy of the *Gazette*.

THE CHAIRMAN: That is an official document, and there can be no objection to it. We will now adjourn until to-morrow morning at 10 o'clock.
Adjourned at 11.10 p.m.

BEFORE THE COMMITTEE ON PRIVILEGES AND ELECTIONS.

(Morning Session.)

Toronto, Wednesday, 30th April, 1913, 10 a.m.

Present:—Mr. G. Howard Ferguson, Chairman; Messieurs Armstrong, Devitt, Elliott, Galna, Hartt, Jessop, Marshall, Mills, Munro, McGarry, Neely, Preston (Durham), Racine, Shillington, Vrooman, Bowman, Black, Eilber, Ferguson (Simcoe), Grant, Jamieson, Lennox, Mathieu, Morel, McCrea, McKeown, Norman, Preston (Lanark), Ross, Thompson (Simcoe), Whitesides, Rowell.

Counsel:—Mr. Dewart, K.C., and Mr. Elliott, for Mr. Proudfoot; Mr. Nesbitt, K.C., and Mr. Ferguson, for Sir James Whitney and Mr. Hanna.

THE CHAIRMAN: I must apologize to the Committee for the delay, but I have been engaged reading my own obituary in the "Globe." I suppose you are ready to go on, Mr. Dewart?

MR. NESBITT: If my learned friend will pardon me. Yesterday, Mr. Chairman, you ruled—I think properly as a matter of law—that the Committee had no jurisdiction to hear anything except the two charges which are before the Committee; namely, that the fiat was procured corruptly and that the award was procured corruptly. My friend, Mr. Dewart, desired to offer evidence last night, he stated, of an irregularity which occurred in connection with a tender for coal, and you ruled that out.

I may say on behalf of Mr. Hanna, that it is his desire that the fullest possible investigation should be made in reference to that matter. There was a tender, which Mr. Thorne spoke of, which was treated irregularly. It was the tender of a Mr. Sword of Kingston, and it was a tender in 1905 for 1,500

tons of coal at Kingston. Before the tenders were considered or disposed of Sword notified Mr. Hanna that his tender was wrong, that he had omitted trimming and insurance, and that it would cost him 13 cents. His tender was \$4.97. Mr. Hanna, whether rightly or wrongly, allowed him to amend it to cover the two items that he had omitted and make it \$5.10. His tender was much the lowest, with this change.

THE CHAIRMAN: Whose tender?

MR. NESBITT: A man called Sword, of Kingston. His tender was much the lowest, notwithstanding the change, and the contract was awarded to him. If that was irregular, I may say that that was on the file at the time, and has remained on the file ever since, and was open to Mr. Thorne or any other accountant that was there. It speaks for itself, the written direction to Mr. Christie, Inspector, to allow the change to be made, under the initials of Mr. Hanna. Now, I desire to go into that fully. That is the transaction spoken of by Mr. Thorne. Sword is here and whatever capital they can make about so treating the tender, they are entitled to make.

Now, as I say, I agree that we have no right as a matter of law to go into it, but I do not desire on behalf of Mr. Hanna to sit silent under an accusation that there was an irregularity known to Mr. Thorne, an irregularity which we must admit, just as we frankly admitted it to the whole country, the receipt of the \$500.

MR. DEWART: I do not know that we need evidence from my learned friend as to any frankness in admissions that have been made with reference to the \$500 or anything else. It is a most extraordinary position my learned friend has taken this morning after the Committee absolutely refused me time to examine these coal tenders or to have them examined and analyzed.

THE CHAIRMAN: Wait a moment, Mr. Dewart. Are you through, Mr. Nesbitt?

MR. NESBITT: Yes, that is substantially all I have to say in that.

THE CHAIRMAN: I do not think it will take very long to dispose of it. It may be desirable that this whole question of coal tenders and underfeed stoker tenders should be examined into. I know nothing about that. The point before us is this, that certain charges have been preferred against two Ministers, by a Member of the House on his responsibility as such, on the floor of the House. The House has referred these two charges to this Committee for investigation. The Committee have no jurisdiction to go beyond that. That is the basis of my ruling yesterday, and I see no reason for altering that ruling in any respect. As I said yesterday, we have not any authority to amend the charges so as to permit of the admission of anything outside the four corners of the document. The Committee have no authority or jurisdiction to do that, and if we did admit that sort of thing this would be an endless investigation, because the charges could be amended from day to day. It is obvious that there is a simple and proper course to pursue in these matters,

and that is if there are further charges to be made, that they should be made just as these were made and have them referred to the Committee in the regular way. The Committee only have such authority as is conferred upon it by the House and that is contained in the Resolution and in the charges.

Therefore, I say, Mr. Nesbitt, that if the Committee will accept my direction in the matter I will have to refuse you the request that you make, that we should enter into these contracts at all, just as I did yesterday.

MR. DEWART: Then I take it, Mr. Chairman, that my learned friend's remarks will be stricken from the notes as not being germane to the inquiry?

THE CHAIRMAN: I do not know. When it is necessary to strike remarks from the record, I will see that it is done.

MR. DEWART: I have been struck with the number of times that that has been done.

THE CHAIRMAN: You are fortunate you were not stricken from the Record yesterday.

Now I suppose you are ready to go on, Mr. Dewart?

MR. DEWART: Yes, I propose to call Mr. Taylor.

GEORGE COTTERELL TAYLOR, Sworn. Examined by Mr. Dewart.

Q.—What is your occupation, Mr. Taylor?

A.—Manufacturer. I was.

Q.—Are you at present engaged in the manufacturing business?

A.—No, I am not.

Q.—But for some time I believe you were interested in the firm that was doing business under the name of Taylor, Scott & Co.

A.—I was.

Q.—Who had a wood-working contract at the Central Prison?

A.—That is right.

Q.—That was a firm in which I believe your wife was the sole partner, trading under the name of Taylor, Scott & Co.

A.—Correct.

Q.—And the contract that you have heard spoken of here, entered into I think it was in July of 1905, and running from the first of September, 1905, to the first of September, 1910, was the contract in which you, acting on behalf of your wife, were interested at the Central Prison?

A.—That is correct.

Q.—And I suppose you are familiar generally with the terms of that contract?

A.—Yes.

Q.—Prior to the time that you began operations at the Central Prison, had you been engaged in any similar business?

A.—I had, yes. On Bay Street.

Q.—On Bay Street in this City?

A.—Yes.

Q.—For what period of time had you been engaged in that business?

A.—20 to 25 years.

Q.—And at present you are not engaged in the manufacturing business at all?

A.—I am not in any business just now.

Q.—The business thenceforward carried on at Palmerston under the name now of the Taylor, Scott Company, Limited, and at first under the name of Taylor, Scott & Co., as a partnership, is not a business in which you have had any interest?

A.—None whatever.

Q.—So that that business did not take over any part of the assets that related to the business you had carried on at the Central Prison?

A.—Oh, yes, they took over the goodwill and all that sort of thing, and the machinery.

Q.—Did you sell that to them?

A.—Yes.

Q.—I did not gather that from Mr. Thorne's remarks yesterday. What then did you sell to the Palmerston concern?

A.—Well, what was left after we closed up the Central Prison, that is the machinery and—

Q.—I cannot hear you very well.

A.—Well, I have got a cold, and I cannot talk well.

Q.—The Chairman worked us a little late last night, perhaps that is the reason, so we will have to blame it on him.

A.—They took the machinery and any unmanufactured stuff that was on hand at the time.

MR. NESBITT: What have we to do with this?

MR. DEWART: I am just trying to trace the development of some little matters. And what became of the books?

A.—They were all taken, everything was moved right up there, the books and desks, ink bottles and everything else, just picked up and shipped to Palmerston.

Q.—Would those books cover the books kept by the Taylor, Scott firm referring to the items that were subsequently in dispute between the Government and yourself?

A.—They would.

Q.—Have you those books here to-day?

A.—No, but you have got all the extracts from those books, everything referring to the Taylor, Scott claim against the Government is all here set out in a better shape than it would be in the book, because the items that you have here are details and the books are simply figures.

Q.—Will you tell me or pick out where I will find these items set out more in detail?

A.—Than they would be in the books?

Q.—Yes.

A.—The material was given to the Public Accounts Committee. That is all I can tell you.

THE CHAIRMAN: The file we had before the Public Accounts Committee. You mean that long statement with items one to five.

A.—Yes. Here it is.

MR. DEWART: Do not take it out of the file. We will just describe it. You mean the Exhibit marked 3 (b) attached to the letter of the 16th February, 1911, contains the details?

A.—More than you would get anywhere else. These are all the little items taken off the invoices.

Q.—I am just anxious to know whether you are producing anything that I could have some one look over in the meantime so as not to delay matters. There is one item in that Exhibit "C," there.

THE CHAIRMAN: Perhaps I can abbreviate that. You produced everything you had before the Public Accounts Committee?

A.—Everything I know of.

Q.—Have you anything since that?

A.—I have a couple of letters I found that are of no importance to anybody, I don't think.

MR. DEWART: Have you got them with you?

A.—Yes, they are in my overcoat pocket.

Q.—You might let us see them before you go out of the box.

A.—I might also say that at the Public Accounts Committee I stated that there were——

Q.—I do not want to know what you stated.

THE CHAIRMAN: Just a moment. Be fair to the witness.

WITNESS: I stated that my solicitor had an agreement signed by Mr. Hanna and myself for arbitration. Now that was wrong, because I have since found it in a safety deposit vault. I had put it away so carefully that I naturally thought the solicitor had it.

MR. DEWART: I was going to ask you this. Are there any papers that were produced before the Public Accounts Committee that you do not find to-day?

A.—I couldn't say that. I don't know whether the Public Accounts Committee have lost any papers or not.

Q.—They have all been produced here, Mr. Wilkinson, have they not?

MR. WILKINSON: Oh, yes. Also this stuff, I don't know who had this but it is produced. This correspondence that you saw yesterday.

MR. DEWART: That is the file I want some one to look over to-day, thank you.

Q.—Now, in connection with this business that you were carrying on at the Central Prison, I believe you came in contact with Mr. Thorne?

A.—I did.

Q.—Had you known him before you were at the Central Prison?

A.—No. Well, I knew him a very short time before. I made the arrangement practically with Mr. Hanna through Mr. Thorne.

Q.—But I mean to say it was in connection with the Institution of that business at the Central Prison that you came to know Mr. Thorne?

A.—It was.

Q.—Now just tell me if you will what was the course or way in which you did business and how you settled your accounts with the Government with reference to the Prison business, was there a monthly settlement?

A.—Strictly according to the contract. We lived up to the contract as far as we knew in every respect and settled on the 15th day of the month, I think it was, and they got their cheque regularly on the 15th day of the month.

Q.—So that the intention at any rate was from month to month to settle the accounts that were in dispute between you and the Government?

A.—Yes.

Q.—And with reference to the occasions when they were shut down, were those settled in the monthly settlements?

A.—No they were not settled. Sometimes they allowed them for us and sometimes they did not.

MR. NESBITT: This is very interesting but I do not want to sit here forever. All questions were referred; they have been dealt with, and the point here is, were they dealt with corruptly? I do not care about Mr. Taylor's recitation. We are not trying out here, whether the accounts were by the month or what the amount was or anything about that?

THE CHAIRMAN: What is exciting Mr. Dewart's curiosity, I fancy, is that it was said the account grew from seventeen to nineteen and to twenty-seven thousand dollars. Now, why not get at the point and ask him how that occurred?

MR. DEWART: I was endeavoring to find out—

WITNESS: If there is any suggestion of corruption in Taylor, Scott's contract, I think it should be gone into in justice to ourselves.

MR. DEWART: Just a moment, Mr. Taylor. No one is asking you a question at the moment and I am endeavoring to reply to the Chairman. I am just coming to the question of shortage of horsepower and would ask Mr. Taylor whether the shortage of horsepower was dealt with in the monthly accounts.

MR. NESBITT: Why do we need that?

WITNESS: No, it was not dealt with in the monthly accounts. That is to say we were not allowed what we thought should be allowed in the monthly accounts, and they did not allow us anything for shortage of horsepower at any time.

THE CHAIRMAN: I think it is apparent that there were unsettled matters that he was contending for, running over quite a long time, and there is no object of our going over it and having a repetition. I think we must take that for granted there, what we have heard.

MR. DEWART: Then, when did these differences between the Government and yourself begin to develop?

A.—Almost immediately.

Q.—Have you a copy of a letter of yours of July 9th, 1907, written to the Honorable the Provincial Secretary?

A.—Well, now that is one that I have in my pocket.

Q.—Would you be good enough to let us have that, because that is one of the missing letters.

A.—I want to say in reference to this, that this is not an exact copy, it is the copy that our solicitor wrote out, and then I wrote it out afterwards on our own paper.

MR. NESBITT: Then wait a minute. I object to that.

MR. DEWART: What do you mean by saying this is not an exact copy? It is not the first copy, is that what you mean?

THE CHAIRMAN: Let him answer.

MR. NESBITT: Do not lead, please.

WITNESS: I mean to say that we were acting under instructions from our solicitor, practically from the first, when these things started up, and while our solicitor did not appear in any shape for quite a long time, most of these things we consulted him about. Now, this letter here, is a letter that he wrote out for us; this is a second one; there was a first one somewhere that was not sent in, and this you will see has got his name to it, or at least, his corrections to it.

MR. NESBITT: It is not a copy.

MR. DEWART: Wait a moment. Let us hear what he has to say.

A.—And we no doubt—I don't recollect it, but we would not send that letter to the Honorable Mr. Hanna, we would send it on our own paper, and I presume—

MR. NESBITT: That is not July, 1907.

A.—Well, I have got another one. Here you are. This is the one. This is a copy.

MR. DEWART: Then this you say is a copy of a letter sent by you to the Honorable the Provincial Secretary on July 9th, 1907, with a schedule attached?

A.—Yes.

Q.—Let me see, we have Schedule A and Schedule B which would practically correspond.

WITNESS: Are they going to take a photograph of the witnesses here? I am not looking for notoriety.

THE CHAIRMAN: He is photographing the whole Committee. Turn your back if you don't want to be photographed. I suppose it is to encourage a young enterprise.

(A few moments intermission while a photograph of the Committee is taken.)

MR. DEWART: Then to continue, Mr. Taylor, these schedules would correspond to the schedules attached to the letter of the 16th of February, 1910, subject to changes as to the position of the accounts at that time?

A.—Well, I would not like to answer definitely as to that, but I would fancy they were, I would think they were.

Q.—Look at the letter "C" there. What I mean to say is this, you will see here attached to "B" you have two schedules?

A.—Now I think this is continued from that, but I wouldn't say positively that it is because I don't know.

Q.—But in part it would relate to the same matters, only varying in time?

A.—I think so.

Q.—Then as this letter has not been put in—I do not know that the Reporter need take it down. I am going to put it in. (Reads Exhibit 7, a letter dated July 9th, 1907). So that as early as July 9th, 1907, there were unsettled matters of account in dispute between yourself and the Department regarding which you wrote to the Provincial Secretary personally.

MR. NESBITT: There is nothing to show there that there was any dispute. He was making a claim and apparently it was recognized afterwards.

MR. DEWART: No, that is the point. You were making a claim then, as my learned friend puts it—it is immaterial to me—at that time to the Provincial Secretary personally?

MR. NESBITT: Not personally. To the Department. It is addressed to the Secretary personally, but you know perfectly well Mr. Hanna would not see that.

MR. DEWART: I beg pardon, I do not take anything of the kind for granted.

MR. NESBITT: It is plain on the face of it that it is Departmental and not personal.

THE CHAIRMAN: Do not suggest that he made it to the Secretary personally. If you do not take anything for granted, there is nothing to show that it was made personally.

MR. DEWART: You addressed the Honorable W. J. Hanna at that time.

MR. NESBITT: It speaks for itself.

WITNESS: The letter is there.

MR. DEWART: I presume the Minister is supposed to know what goes on in his Department and to advise with reference to it. It may be a violent presumption, but at the same time I endeavor to make it.

Q.—Then, I see amongst the papers, on the 11th of March, 1908, a report on the Central Prison Industries. I just want you to look at that. It is not signed, but it comes from Mr. Postlethwaite. Reading the first paragraph; at an interview with Mr. Taylor in connection with some matters in dispute, present Dr. Gilmour, the Warden, and Mr. Edgar. Do you recollect the circumstances of that interview with Mr. Postlethwaite?

A.—No, I cannot say that I do. If I read this I may freshen my memory on it, but I don't remember it at present. I have never seen this Report before.

Q.—No, of course not.

MR. NESBITT: He says he does not recollect. If I want to be technical, he cannot look at that to refresh his memory.

THE CHAIRMAN: I suppose as a matter of fact you had a lot of interviews with Mr. Postlethwaite at different times?

A.—We had interviews with everybody in the Department I think..

MR. DEWART: A useful suggestion, Mr. Chairman.

THE CHAIRMAN: Useful to the proceedings here, to get along, that is all.

MR. NESBITT: How are we interested, I again ask, about this? Never mind reading that, Mr. Taylor, in the meantime.

MR. DEWART: I object to my learned friend directing the witness.

MR. NESBITT: Then, if you want to be technical, I close that up and ask for a ruling. He has no more right to look at that than at a newspaper. He says he does not recollect. If it were something made by him at the time he could refresh his memory from it.

MR. DEWART: I asked the witness, looking at that document, which I put in his hand, as he says he does not recollect the circumstances, although my

learned friend has so flippantly closed the page, I ask the Chairman's ruling to allow the witness to look at it to refresh his memory.

MR. NESBITT: He cannot look at it, on any authority on earth.

THE CHAIRMAN: If we adhere strictly to the rules of evidence, I do not think he has any right to look at it, but I do not want to obstruct the proceedings by standing upon technicalities. You asked him if he remembers this interview. He says he cannot recollect distinctly, and I think it is reasonable that he should say so.

WITNESS: There were interviews to no end with Mr. Postlethwaite, Mr. Armstrong and anybody else. If you let me read the thing I may be able to tell you of that interview, but I don't know that I can. I certainly never saw the Report before.

MR. NESBITT: What right have you to put a paper like that before him? We have to get this witness's memory; not in that way get in some other. Call Mr. Postlethwaite if you want to.

MR. DEWART: I would be glad to do so, but the Department cannot produce him. They say he is ill in Calgary, a matter that I propose to test.

MR. MCCREA: Mr. Chairman, it is very difficult for Members of the Committee to hear what is going on.

MR. DEWART: I just ask you to look at that and refresh your memory as to the fact. I am not cross-examining with reference to the document at all, but I am asking you to look at that to see whether you recollect the circumstance of whether an interview of that kind took place?

A.—Well, will I read the document?

MR. NESBITT: No, not until the Chairman rules.

THE CHAIRMAN: I do not think it is material, but look at it and tell us and let us get on.

A.—Well, there are two pages here to read.

MR. DEWART: I do not mean as to the whole substance of the Report, but just looking at it can you say now you recollect?

A.—No, I cannot. I had so many of a similar nature. But I will probably get at it if you let me go through it all.

THE CHAIRMAN: I do not think it is important, Mr. Taylor. The point is that you cannot recollect that interview.

A.—No, I cannot.

THE CHAIRMAN: This is the way we lose time. Between making speeches and reading documents we are wasting half the time of the Committee.

MR. DEWART: Did Mr. Postlethwaite at any time come out to inspect conditions and have discussions with you?

A.—He did.

Q.—How often did Mr. Postlethwaite come?

A.—Oh, I would not like to say, because it is a long time since we have seen Mr. Postlethwaite. I think three or four years.

Q.—Was he there during the spring of 1908?

A.—I would not like to say that either. I cannot say.

Q.—You don't recollect?

A.—I don't recollect.

Q.—I see a report from him under date April 29th, 1908. Do you recollect the circumstance of his being out there then?

A.—I only recollect one particular time that he came out there and ruled that we were all wrong and the Government was all right and we hadn't any claim. Something of that sort. We didn't take much notice of it.

Q.—Investigating the conditions under the change in contract whereby you were on a flat four cents an hour rate?

A.—No, that was not brought up at all. He never mentioned that at all.

Q.—He did not mention that to you?

A.—No, not to my knowledge.

Q.—Then in the Spring of 1908 the matters that had been referred to in your letter of July, 1907, were still at issue between the Government and yourself?

A.—They were.

Q.—They had not been settled?

A.—They had not been settled.

Q.—And did you have any interviews with the Provincial Secretary himself in reference to these matters?

A.—We did.

Q.—Pardon?

A.—I think so.

Q.—Have you any doubt that you did during the Spring of 1908?

A.—In the Spring of 1908?

Q.—You see that earlier letter is in 1907?

A.—Yes. We did.

Q.—Then I find a letter from you under date of the 19th of June, 1908. A letter to the Honorable, the Provincial Secretary?

A.—Hold on, I think I am wrong there about that 1908. If it is important. I don't remember an interview with Mr. Hanna in the Spring of 1908.

Q.—In the summer of 1908, then. Winter, Spring, or Summer in the early part of 1908?

A.—Yes, there was one interview in 1908.

Q.—What was the subject of that interview with him?

A.—Oh, I guess it was just a general discussion on the accounts.

Q.—That you fix about the Spring of 1908?

A.—I would not like to say whether it was Spring or Summer or when it was. I know there was one in 1908.

Q.—And did you see him at all in 1908, with reference to another matter that was shortly pending, a question of elections.

MR. NESBITT: I object. There is a statement made at an interview when Mr. Taylor contributed to the party funds \$500. That contribution and its receipt by Mr. Hanna is admitted and there can be no possible object in giving any evidence upon that subject at all. There is no dispute upon the subject. The only possible object in going into the matter is to keep the statement, which is not denied, in daily print, rolling it like a sweet morsel under my friend's tongue.

MR. DEWART: My learned friend will please confine himself to the point with less irrelevant figures of speech.

THE CHAIRMAN: I will look after him, Mr. Dewart, if you will allow me. The point is, Mr. Nesbitt, that on behalf of your client you admit the receipt of \$500?

MR. NESBITT: I admit the receipt of \$500 for the party funds.

THE CHAIRMAN: I think that disposes of that.

MR. NESBITT: And that is all Mr. Taylor is asked about. That is a question which he refused to answer before, but which I presume he is ready to answer now.

MR. DEWART: As to what has taken place in some other tribunal this Committee has nothing to do.

MR. NESBITT: I am admitting it here.

MR. DEWART: The Records of this Committee must be complete in itself.

MR. NESBITT: What more do you want?

MR. DEWART: I beg pardon, I did not catch your last remark.

MR. NESBITT: My last remark is that, it is complete on the Record by my admission, just as any statement in any Court is complete when an admission is made.

MR. DEWART: The point is this.

THE CHAIRMAN: Just a moment, Mr. Dewart.

MR. DEWART: Let me put my point.

THE CHAIRMAN: I am going to endeavor to control this Committee to-day. You controlled it pretty well yesterday; but I do not intend to follow the same line.

MR. DEWART: I found myself in the minority.

THE CHAIRMAN: Between the counsel that were here yesterday, I think that they, to put it mildly, rather imposed upon the Chairman, but I do not propose that you shall do it to-day. Consistently with having every opportunity to investigate everything here that is necessary to be investigated under this reference, I propose to confine you strictly to the evidence that is relevant to the issue. Now, it seems to me that when counsel on behalf of the two Ministers admits the payment that you are seeking to prove, that puts an end to the necessity of delaying the Committee with hearing evidence about it.

MR. DEWART: May I state my position then?

THE CHAIRMAN: Certainly, but I do not propose that you shall make speeches.

MR. DEWART: I propose, Mr. Chairman, to exercise my right as counsel for Mr. Proudfoot to make a statement as to the point that is at issue.

THE CHAIRMAN: You are here as a matter of privilege, the same as the other counsel, and if we cannot proceed regularly and with due regard to decorum I will ask the Committee to investigate this without the assistance of counsel, because we are prepared to do it and capable of doing it.

MR. DEWART: I do not know. If you feel that the odds were so much against you yesterday I should be sorry that you should do that. The charge here is that in 1908—this is the preamble—at page three.

THE CHAIRMAN: Just a moment. I quite understand what you purpose doing, Mr. Dewart.

MR. DEWART: No, pardon me, Mr. Chairman, you cannot anticipate what I am going to say.

THE CHAIRMAN: Yes, I anticipate and I ask you if I am not correct; you purpose reading this and asking the witness whether it is correct or not.

MR. DEWART: I do not.

THE CHAIRMAN: Then I apologize for that.

MR. DEWART: The apology is accepted most graciously. I was going to say, this charge is that the firm of Taylor, Scott & Co., or George C. Taylor was requested to make a contribution to the party funds of the Provincial Conservative Party of the said Province then being in office.

THE CHAIRMAN: I do not think it is material whether it was requested or how it was made. The money was paid and counsel say they admit it was paid.

MR. DEWART: Perhaps it is a matter of importance. "And in accordance with such request did contribute and pay over to the said Provincial Secretary

the sum of \$500, said payment being illegal, corrupt and subversive of good Government."

THE CHAIRMAN: Now that part of it is for the Committee to decide. The bald fact is this, that there was a payment made; I do not care whether it was requested or proffered or how it got there. If it is illegal or corrupt, it is just as illegal to proffer and accept it as to request it and accept it, every bit; and it is for the Committee to say whether such payment was corrupt or not. It is not a question of evidence here at all; the sole question is, was the money paid, and that is admitted.

MR. NESBITT: I do not propose to offer any evidence on the subject.

THE CHAIRMAN: My judgment is that that is as far as you need go with that.

MR. DEWART: Now Mr. Chairman, let me understand you. Does my learned friend make an admission that covers the charge in that paragraph?

MR. NESBITT: My admission is absolute, that there was a payment of \$500 towards the Party funds. Mr. Hanna has admitted that and I am not going to ask him anything about it, and I am going to say that he should not be cross-examined about it. I have admitted it, and as I say for what that is worth to you there it is, spread it and advertise it and spread it as you please.

MR. DEWART: I am not indulging in any pyrotechnics.

THE CHAIRMAN: No, I won't have any of those fireworks to-day. You must leave that out. All I can say is that I am surprised it was not admitted yesterday and we would have abbreviated these proceedings very much.

MR. DEWART: Mr. Chairman, my learned friend's admission does not go to the point at issue, that the payment was illegal, corrupt and subversive of good government, and how can this Committee deal with it unless they know the facts.

THE CHAIRMAN: Mr. Dewart, this witness is not the man to decide whether it was illegal, corrupt and subversive of good government. This Committee will decide that point.

MR. DEWART: How can they until we show the facts and circumstances under which the payment was made and the relative position of the parties at that time.

THE CHAIRMAN: It is admitted, as you charge, that a payment was made there. Mr. Nesbitt on behalf of his client says that he is prepared to say he does not care whether the payment was made with a demand or not. Now surely that covers the whole ground of your charge.

MR. NESBITT: He can add all the adjectives to that he wants, to say what it means. There is no dispute about the facts.

MR. DEWART: I desire to show what the relative position of the parties was at that time and what passed between them.

THE CHAIRMAN: Surely the Committee is seized of the relative position and all the facts in connection with it. We listened here yesterday to this in the most minute detail and we have the evidence of Mr. Thorne and the evidence of other witnesses here leading up to and dealing with this transaction, the whole contractual relation between this man and the Department, and it was all aimed at arriving at this very fact that is admitted here to-day. I do not see that there is any object in rehearsing the history of all this transaction again.

MR. DEWART: Why, Mr. Chairman, look at the next paragraph on page 4, the second paragraph?

THE CHAIRMAN: There is no charge on page 4.

MR. DEWART: In the recital of facts which we have to prove in order to support our charge. "That he the said Hanna had accepted the said sum of \$500 from the said Taylor, thereby leading the said Taylor to believe that his claim would be satisfied."

MR. NESBITT: I have already said——.

MR. DEWART: Will my learned friend permit me to complete my statement?

MR. NESBITT: Oh, certainly.

MR. DEWART: "That his claim would be satisfied and that the said sum was paid in consideration thereof." Is that admitted?

THE CHAIRMAN: Surely the Committee will decide as to whether there was any ground for leading Mr. Taylor to believe, or anyone else to believe, that there was anything corrupt about this transaction.

MR. NESBITT: Mr. Chairman, may I satisfy my learned friend about that?

A.—I do not intend to dispute and I hereby admit on behalf of Mr. Hanna, that Mr. Taylor made these accusations to him. That is all that is alleged, that Mr. Taylor made these accusations to him.

THE CHAIRMAN: We threshed all that out yesterday, Mr. Nesbitt.

MR. NESBITT: And therefore there is nothing more to be said upon that.

THE CHAIRMAN: Quite so.

MR. NESBITT: I should be glad now to see what they are. He paid \$500. He stated that Hanna manipulated the opening and granting of certain coal tenders. If he stated that on his personal knowledge, that may be one thing. That there were grave irregularities. If he stated that of his personal knowledge that may be one thing; but we admit, Mr. Hanna admits here, and has always admitted, that Mr. Taylor made those charges. There is no necessity of asking Mr. Taylor anything about that.

THE CHAIRMAN: I do not know why you persist in discussing it. I have already said to you that I do not care whether Mr. Taylor says it of his own knowledge or not, that there were contracts manipulated as alleged there. The Committee are not dealing with that and that puts an end to it. Do not let us have any more reference to it. The point we are dealing with now is in reference to the payment of the \$500 entirely, and counsel for Mr. Hanna has said we admit the payment of \$500 and we are prepared to say it was demanded or it was proffered just as you like. In my own view that is not material one way or the other; if there is any iniquity about it at all it attaches just as strongly one way as the other. For that reason I must insist that the time of the Committee be not wasted with unnecessary rehearsals.

MR. DEWART: Does my learned friend admit the date of which this payment was made?

MR. NESBITT: If you will state it? It has not been stated.

MR. DEWART: I ask you if you admit the date.

MR. NESBITT: How can I admit a date I have never heard of yet.

MR. DEWART: I thought perhaps your client had instructed you as to that. If he received a cheque he probably knows the date of the cheque, or if it was in specie he perhaps cannot say what the date was.

MR. NESBITT: If you will tell me what the date was?

MR. DEWART: I have a witness in the Box for the purpose of asking him with reference to that.

MR. NESBITT: I think he is entitled to ask him what that date was. I do not know it.

THE CHAIRMAN: I will ask him myself.

Q.—It has been admitted, Mr. Taylor, that you paid \$500 to the Provincial Secretary; what was the date of that payment?

A.—The 29th of November, 1907.

THE CHAIRMAN: Now, that is settled, surely that cleans it up.

MR. DEWART: How did you pay it, by cheque or in specie?

MR. NESBITT: That I object to.

THE CHAIRMAN: What difference does that make? I do not care whether he paid it in old iron; they got the money.

MR. DEWART: Then, Mr. Chairman, in view of what I have read, that Mr. Hanna had accepted the said sum of \$500, thereby leading the said Taylor to believe that his claim would be satisfied——

MR. NESBITT: That is not a statement of fact; that is what he accuses the Provincial Secretary of. It is not a statement of fact. Please guard that in that way. This is the second time you have read it is a statement of fact.

MR. DEWART: Having regard to the charge in the last paragraph that the "Demand for and acceptance of the said sum of \$500 by the said W. J. Hanna in manner and for the purposes above set forth are and were unlawful, corrupt and improper acts on the part of the said the Honourable Sir James Whitney and the Honourable W. J. Hanna."

MR. NESBITT: That is the obtaining of the fiat.

MR. DEWART: Is it your ruling, sir, that I cannot go into the circumstances surrounding this matter and the conversations between the parties?

THE CHAIRMAN: Yes, it is; I must rule that; I must put finality somewhere. We have all the essential facts that the Committee desire to know or that can affect the question in any way whatever. Now that is what we are here for.

MR. DEWART: If, Mr. Chairman, your ruling is that upon my learned friend's admission it is as set out, an unlawful corrupt and improper act?

THE CHAIRMAN: I have not said that Mr. Dewart. You must not attempt to put words in my mouth.

MR. DEWART: I am not attempting to do so; I am asking a question.

THE CHAIRMAN: I have not said that. I say that is a conclusion to be drawn by the Committee, or at least the conclusion is to be drawn by the Committee itself.

MR. DEWART: If you say it is your direction to the Committee to find that conclusion, well and good, but how can the mere bald statement of my learned friend that \$500 was paid be a basis upon which the Committee can find that conclusion unless the surrounding facts and circumstances are gone into.

MR. PRESTON (North Lanark): Why it is admitted, and that is all they want to know.

MR. DEWART: Admitted that it was illegal, corrupt and improper?

MR. PRESTON: No.

MR. NESBITT: You never prove an innuendo in a libel; you prove the facts.

THE CHAIRMAN: Assume that Mr. Taylor said, "In view of this payment and its acceptance I concluded that it was going to give a certain influence on my behalf," how could that affect the case in the wide world? If that were all true, how in the wide world could that affect this matter? Surely it is for the Committee to say whether these facts have the effect that you allege in your charge. That, to my mind, is the whole story put shortly.

MR. DEWART: How can the character of the matter be judged of unless I go into the conversations?

THE CHAIRMAN: Well, I have gone over and over that, Mr. Dewart.

MR. DEWART: I want to give the Committee the information upon which they can pass an opinion.

THE CHAIRMAN: I think they have that. I think they are all intelligent men.

MR. MUNRO: As one of the Committee I say we have not got that. I say the matters leading up to this payment of \$500 should be known to the Committee here. I think it is of the utmost importance that everything should be known regarding this matter from the start. As one of the Committee I protest against the ruling.

THE CHAIRMAN: Well, if anyone protests against the ruling the procedure provides a remedy. I do not intend to sit here all day discussing what I think is irrelevant and unnecessary.

MR. ELLIOTT: Mr. Chairman, before making your ruling in regard to it—

THE CHAIRMAN: I have made it.

MR. ELLIOTT: Before finally deciding, permit me to say that unless the counsel for the parties charged make the admission suggested by the counsel for the Member for Centre Huron, it seems to me that it is absolutely impossible for this Committee to draw the conclusion which they, according to your statement, sir, are asked to draw, unless the circumstances surrounding the payment of that particular money are given to them in some reasonable way by

which they can ascertain the circumstances under which it was paid. I think it is fair to both parties in connection with this matter that those circumstances should be gone into.

THE CHAIRMAN: Well, your view may be that the payment of this money was corrupt and illegal and so on and some other members may view the matter differently. That may be your view and some other members of the Committee may differ from it. We cannot get any nearer to it by wrangling here all day about it. The Committee I think are seized of the facts, seized of ample material to give them an opportunity of coming to a proper and fair conclusion on the matter. So far as my judgment goes, I say it is entirely unnecessary that we should continue to repeat evidence and go into this matter that we have heard so much about during yesterday. There is no necessity for discussing it with me any longer, Mr. Elliott; you have the remedy of appealing from the chair and you must confine yourself to that, or anyone who desires to appeal from the ruling of the Chair.

MR. ELLIOTT: I just want to call your attention, Mr. Chairman, to one of the remarks made by you, that my view is a certain view.

THE CHAIRMAN: I did not say so. I said your view may be that it is corrupt, and some one else may think that it is not. I might just as well have said that your view may be that it was perfectly proper and someone else's that it was corrupt.

MR. ELLIOTT: My view, like that of anyone else on this Committee, should be determined by the evidence surrounding the payment and cannot be determined without that evidence being submitted to me.

THE CHAIRMAN: I would not like to pay you the compliment, Mr. Elliott, that your intelligence will not permit you on the material that you have to come to a proper conclusion.

MR. ELLIOTT: I do not wish to get into an argument with you, Mr. Chairman, as to our relative intelligence at all.

THE CHAIRMAN: No; we will go on with the case.

MR. MARSHALL: Mr. Chairman, I just wish to add a word. It seems to me that it is just as unfair to the Honourable the Provincial Secretary that this Committee should cease their deliberations in regard to this point with the matter left in doubt.

MR. NESBITT: What is in doubt?

MR. MARSHALL: As to whether this payment might be corrupt or not.

MR. NESBITT: That is a matter of innuendo.

MR. DEWART: Mr. Nesbitt is not, as I understand, a Member of the Committee. I do not think he can interrupt.

THE CHAIRMAN: No. Evidently the lawyers on both sides have added themselves to this Committee.

MR. MARSHALL: The legal aspect of this as we have had it developed on both sides, is rather striking to many of us here who are not acquainted with these things; but speaking personally, and as I say frankly, without party prejudice in this matter, I think it is only fair to the Provincial Secretary that this matter should be gone into. The Report will go out through the country that the Committee has declined to enter into what these matters may lead up to. Does not that follow? Is not that a fair and reasonable conclusion to come to?

THE CHAIRMAN: No doubt the party newspapers on either side will have their own views and make the most of it, but I am not concerned at all about that, nor am I concerned about the Provincial Secretary particularly nor any other member; it is this particular matter that we are to investigate, let the chips fall where they may, and my view of it is that we have got sufficient that should satisfy the Committee, we have all the material facts to satisfy the Committee as to how they should come to a conclusion.

MR. BOWMAN: Mr. Chairman, it seems to me that if the position you have taken is a logical one to-day, then the fact of this Committee being in existence in my opinion is illogical, for the reason that the Premier admitted he made a statement on the floor of the House when the House was in Session and referred to this matter and admitted that this transaction had taken place.

THE CHAIRMAN: Quite so.

MR. BOWMAN: That being the case, if the interpretation is sound this morning, then it seems to me it was absolutely unnecessary to have any Committee at all.

THE CHAIRMAN: The statement of the Premier, made in the House, is not evidence before this Committee.

MR. BOWMAN: With all due respect for that ruling, Mr. Chairman, as a member of the Committee I desire to appeal against it.

THE CHAIRMAN: I know you always have the greatest respect for my rulings.

MR. BOWMAN: Absolutely.

MR. MCGARRY: Mr. Chairman, we have before us the recitals in the charges. Here is all they say: "In the year 1908, the said Taylor, Scott & Co., or George C. Taylor, was requested to make a contribution to the Party

funds of the Provincial Conservative Party." Now stopping there. Mr. Nesbitt admitted that there was a contribution asked for. If so, if that is all admitted, that is final and stands there. Now then go on: "Then being in office, or to the Provincial Secretary aforesaid, and in accordance with such request did contribute and pay over to the said Provincial Secretary the sum of \$500." All admitted. Now then follows the charge that they wish to make and which we have to make our findings upon: "Said payment being illegal, corrupt and subversive of good Government." That is for us to decide. Later on the only reference to it is this: "That he the said Hanna had accepted the said sum of \$500 from the said Taylor, thereby leading the said Taylor to believe that his claim would be satisfied." Now, it does not matter to this Committee what was in Mr. Taylor's mind with respect to that. The question is, was the \$500 paid? Admitted. Was it paid to Mr. Hanna? Admitted. Was it paid by Mr. Taylor? That is admitted and it does not matter what was in the mind of Mr. Taylor. Now the only other reference is in the charge itself and they say there: "I further charge that the actions of the said the Hon. Sir James Pliny Whitney and Hon. W. J. Hanna, whilst respectively being Premier and Provincial Secretary in connection with the said contract and adjustment thereof, the granting of the fiat and the settlement of arbitration and payment of the amount ordered," now that is all with respect to what we dealt with yesterday. Then they go on: "together with the demand for and acceptance of the said sum of \$500, by the said W. J. Hanna, all admitted." Consequently, with respect to the charge itself there is absolutely nothing whatever to investigate, once the admission is made by the Hon. Secretary's Counsel and there is no reason why time should be taken up with respect to the respective accounts, and with what was in the mind of Mr. Taylor this Committee has nothing to do. What this Committee has to do with is this: the admission having been made of the whole sum and substance of the charge here, we have no reason to verify that fact; we can come to our conclusion whether, according to the statement made by them, it was unlawful and corrupt on the part of the Provincial Secretary to accept \$500, on that occasion. That is all we have to find upon. We have the evidence now, and all the evidence that should be given. (Hear! hear!)

THE CHAIRMAN: Mr. Rowell.

MR. ROWELL: I had not intended to take any part in the proceedings of this Committee or this discussion, but when I see a course proposed which is so unusual, and unprecedented in any Court of Law, I must, as a member of the Committee, exercise my right to rise and protest against it. No man knows better than the Hon. Counsel concerned in this case on both sides, that in any matter involving the question of motive or intent, all the facts and circumstances under which the act is done are *res gestae*, are the real basis upon which the matter must be determined. How can this Committee determine the question intelligently one way or the other unless they know all the facts and circumstances connected with it? One step further. The party prosecuting a claim is under no obligation to accept an admission from the opposite side. He is entitled to prove his case as he thinks it wise and proper to prove it.

THE CHAIRMAN: Mr. Rowell, if you will permit me to interrupt. We are in a different position than if this case were before a Court of Law. The party is entitled to prove his case up to the point where the Committee says, we are satisfied with what we have heard about that. The Committee are absolutely in control of the proceedings here.

MR. ROWELL: I quite admit that the Committee can shut off all further evidence if they see fit, but it is the right of members of a committee who believe that procedure to be unprecedented and unwarrantable and entirely unjustified, to express their dissent from it and to state the grounds of their dissent.

If the position were as stated by the Counsel; if the Counsel for the defence admitted the charge in the terms of the charge, then the Committee might properly say there is no occasion to go further. But I understand that is not the admission. The admission is one of fact and the Committee is asked to draw its own inference. Now the inference must depend, to some extent at least, on the circumstances under which that payment was made. I have never been in a Court where such a procedure as this was followed, where a man is denied the right of showing the circumstances upon which he asks the Jury to find concerning the facts. I submit the course is entirely unprecedented and unwarranted. My Honourable friend is entitled to have his Counsel present his case as he believes is right and fair and reasonable under all the circumstances and that is all. I am appealing for a fair hearing and fair trial, and fair dealing in connection with the matter. I submit he is not getting it if he is denied the right to go into the facts in connection with it.

THE CHAIRMAN: I submit that the Counsel on both sides in this matter have had extended to them every fairness and every courtesy. I do not think that anybody has any right to reflect upon the Committee as being unfair, or the Chairman either for that matter. I have endeavored to deal with this matter fairly and with a single eye to getting out all the essential facts that will enable the Committee to come to an intelligent conclusion. That has been my purpose from the start and that is the purpose I propose adhering to.

My view of it and my ruling has been that these admissions render it unnecessary to go into this matter. Now Mr. Bowman has appealed from the ruling of the Chair and I will put the question. The question is shall the Chair be sustained? All those in favor say "aye."

(Members), Aye.

THE CHAIRMAN: Those opposed say "no."

(Members), No.

THE CHAIRMAN: Shall we record it?

(Members), Yes.

Yea: Messieurs Armstrong, Black, Eilber, Ferguson (Simcoe), Galna, Grant, Hartt, Jamieson, Jessop, Lennox, Mathieu, Mills, Morel, McCrae, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Ross, Shillington, Thompson (Simcoe), Vrooman, and Whitesides.

Nay: Messieurs Bowman, Elliott, Marshall, Munro and Rowell.

THE CHAIRMAN: The ruling of the Chair is sustained, gentlemen. Let us get on now.

MR. DEWART: (Puts a question to the Witness Taylor.)

MR. NESBITT: (Objects and asks that the question be stricken from the record as impertinent and irrelevant).

(After a short discussion.)

THE CHAIRMAN: The reporter will strike from the record Mr. Dewart's question and the discussion that has ensued upon it. The Committee must have some control of their own proceedings.

(A further short discussion.)

THE CHAIRMAN: I have just ruled, and the reporter will see to it that this discussion will be stricken out. Now let us get on.

MR. BOWMAN: It seems to me, Mr. Chairman, that the Committee is getting into rather an extraordinary position in connection with this matter, and getting into an unfortunate position, too, I think. With all due respect for the Chairman, surely this Committee has a right to have a full and thorough investigation in connection with this matter, and I think it is unfortunate that the Chairman has become so technical on matters of this kind. Of course, as one of the minority, I appreciate that we have to bow to the majority, but I think it is extremely unfortunate that the majority should so exercise its power.

THE CHAIRMAN: Now, Mr. Bowman, there is no object in making an address of that kind in Committee. If you have any grounds for saying that this question should be asked, I am prepared to give you the indulgence of hearing it, although, after my ruling, I think it is all over; but to talk now about anybody being in the minority here, that is not the question at all; I think every man here must be given credit for using his intelligence and his sense of honesty and fairness, and when you say otherwise you are reflecting upon them.

MR. BOWMAN: Well, Mr. Chairman, I simply close my argument by again appealing from your ruling.

THE CHAIRMAN: That is the proper way to do it.

MR. ELLIOTT: Just a word, Mr. Chairman, before that is put. Would you, sir, or would this Committee, suggest that all the interviews taking place between the parties concerned are not proper evidence before this Committee? That is, all the interviews taking place after the time that the claim arose?

THE CHAIRMAN: Mr. Elliott, as questions arise I will make rulings, but it is useless to ask me to anticipate what I will rule when a case occurs.

MR. ELLIOTT: Before the vote is taken, I just wish to call your attention, Mr. Chairman, to this phase of it which presents itself to me. Would any judge sitting on the Bench say that all the interviews which took place between the parties concerned after a claim had arisen, after disputes had arisen, were not properly evidence in the investigation of that particular matter and the final disposition of the claim?

THE CHAIRMAN: I do not know what any judge would do. I am using my own intelligence; no judge is supplying it.

MR. ELLIOTT: I submit that this Committee should go carefully into the various interviews to endeavor, if possible, to arrive at a correct conclusion in regard to what was the final arrangement, and the effect of the various interviews leading up to that final arrangement.

THE CHAIRMAN: The question is, shall the ruling of the Chair be sustained? Those in favor say "aye." Do you want it recorded?

A MEMBER: Take the vote.

THE CHAIRMAN: Very well, we will have a vote taken.

(Yea: Messieurs. Armstrong, Black, Devitt, Eilber, Ferguson (Simcoe), Galna, Grant, Hartt, Jamieson, Jessop, Lennox, Mathieu, Mills, Morel, McCrea, McGarry, McKeown, Neely, Norman, Preston (Lanark), Ross, Shillington, Vrooman.

Nay: Messieurs. Bowman, Elliott, Marshall, Munro, and Rowell.)

THE CHAIRMAN: The Chair is sustained. The reporter will see to it that that question and the subsequent discussion be stricken from the record of the Committee. Now let us get on again. We will make another start.

MR. DEWART: Mr. Chairman, I regret very much to have to take the course which your action and the conduct of this Committee makes it necessary for me to take, on the rulings of the Committee.

THE CHAIRMAN: Is this an examination of the witness, or another address?

MR. DEWART: No, I am going to make a statement, because I propose to withdraw from the case, in view of the impossibility of getting the evidence that

I need to complete my case. I desire therefore the indulgence of the Committee while I briefly state my reasons for doing so.

In my view of the case the question that I have asked is one of the utmost importance so far as my client is concerned. My learned friend has deliberately introduced the statement that he has made this morning, the admission that \$500 was received; the admission that the statements were made by Mr. Taylor in the way of threats to Mr. Hanna; and the ruling that has been made so far as the \$500 is concerned is one that I see all too plainly will be followed by another ruling that will not allow me to go into the facts and circumstances relating to the other statements that were made. It is impossible, in the view of the case that I take, to do justice to my client, to do justice to the public and to have the facts appear upon the record as they should appear; and if it is, as it is only too apparent, the absolute and deliberate intention of this Committee—

THE CHAIRMAN: Stop there, Mr. Dewart.

MR. DEWART: Then I shall say this.

THE CHAIRMAN: I will permit you to state your reasons for withdrawing, but you must do it in a gentlemanly way. No one here must make any reflections on the Committee.

MR. DEWART: I say in view of the rulings that have been made it is absolutely impossible for me in my judgment to do justice to the client in whose interests I appear, and I would be doing him a grave injustice if I remained where it will be impossible for me to bring out, before this Committee, the facts that are necessary to establish his case, the facts which, we were led to believe by the Honourable the Premier we would be allowed to bring out in this Committee by a full investigation, the facts which, by an article in the *Mail and Empire*, I supposed indicated the intention of the Premier and of the Party to give fair play to Mr. Proudfoot in this investigation, which in my judgment is not being given, and therefore I must withdraw.

THE CHAIRMAN: I regret that you have seen fit to take that course. All I can say is that the Committee, I think, have extended to you and to your client all fairness and every latitude. You must be advised and control your own actions as you see fit. The Committee will proceed with the investigation and will have to do it on its own initiative.

MR. PROUDFOOT: Mr. Chairman, as the author of the charge that is before the Committee, I regret very much the position that this matter has now got into. I desire to prove certain statements, I desire to prove certain charges, I retained Counsel for that purpose; we got on a certain distance with the investigation, but I find that we are practically where we were in the Public Accounts Committee. I attempted there to go into certain matters. That was refused. I brought the matter up in the House, and the Premier stated that the questions submitted would go to a Committee and the matter would be fully dealt with.

THE CHAIRMAN: Very properly, too.

MR. PROUDFOOT: Yes. Well, unfortunately I have to disagree with you, Mr. Chairman, as to the way in which the matters which I have placed before the Committee have been dealt with. I see that to attempt to go any further is just going to be a continuation of what has already taken place, and while I am not going to make any reflections on the Committee, the gentlemen composing the Committee, I presume, are taking the course which in their judgment is the legal and proper one. I disagree with them in that respect, and disagreeing with them so strongly, and it appearing to me to be perfectly apparent that I cannot go on and establish my charges in view of the position that has been taken, I advisedly instructed my Counsel that I did not see that there was any course left for me to take but to decline to further attempt to prosecute the charges here. This is not, however, Mr. Chairman, the end of the matter. While I am withdrawing from the investigation here, I am not abandoning the position that I took in the House, and I do not purpose abandoning that position. I intend to again bring the matter up in the House, and while the House may deal with it in possibly the same way that the Committee is dealing with it, yet I am going to give the House that opportunity. Now, Mr. Chairman, I thank you for the opportunity of making these remarks, and I have nothing further to say.

THE CHAIRMAN: Just a moment, Mr. Proudfoot, before you leave. I wish to say something, if you will pardon me, Mr. Nesbitt. I just want to ask Mr. Proudfoot, in his own judgment, upon deliberately making a charge here that \$500 was paid and received at a certain time by the Honourable the Provincial Secretary—

MR. PROUDFOOT: I decline, Mr. Chairman, to be interrogated by you at all.

THE CHAIRMAN: Have you no desire to be fair about the matter?

MR. NESBITT: May I make a statement, Mr. Chairman? My friend Mr. Rowell having done me the honour of saying my view must be so and so, I think the Committee, and I think the country, will say that every possible latitude was allowed by me, representing the Prime Minister and the Provincial Secretary, last night in the examination of Mr. Thorne. All sorts of questions I allowed to go as mere idle gossip, wherever any interviews took place between Mr. Thorne and Mr. Hanna, because the charge was placed upon the record here definitely that that award was a corrupt award, I allowed not only any direct evidence to be given, I allowed every collateral circumstance connected with Mr. Thorne to be given. I did not object to the grossest leading upon the part of my friend on the other side, of his own friendly witness, because admittedly he was reading from some statement as between Thorne and Maisenville, information supplied to my friend by Mr. Thorne; I allowed him to put language in his mouth and never made the slightest check. Why? Because the two points in issue here are corrupt fiat, corrupt award, and Thorne made the award. They had the evidence of their own witness that that award

is absolutely honest, proper and fair. What the country is interested in, once you get the fact admitted of a \$500 payment, is, did that produce any effect? That has been answered so far as the award is concerned. So far as the fiat is concerned, that has been answered by Mr. Cartwright, and I shall answer it further. So far as Mr. Taylor was concerned, I entirely repudiate any such suggestion as Mr. Rowell has seen fit to make as far as I am concerned that I would consider this evidence. When I make the admission of the payment of \$500 there can be no possible object in going into that fact any further than mere newspaper display, a piece of partisan spite.

THE CHAIRMAN: But that was not the point of the ruling, Mr. Nesbitt.

MR. NESBITT: Pardon me, Mr. Chairman, because I consider Mr. Rowell's statement a reflection upon me professionally, and he sees fit to say that I as counsel know the course I am taking is not correct. There is a tribunal behind this, and I want the public to understand—

THE CHAIRMAN: We are not concerned in that.

MR. NESBITT: I am concerned about the public. When a statement is made by a gentleman holding the position that Mr. Rowell holds, once that fact is admitted, and the fact that Taylor afterwards made threats is admitted, then we come to the other question which they are at perfect liberty to examine Mr. Taylor to their hearts' content upon: did that affect the issue of the fiat? That, Sir James Whitney and Mr. Hanna must answer for, because I do not propose to leave this where it is. If the Committee will permit me to call the solicitor on the other side—I tendered him yesterday to Mr. Rowell and said, if you want to be professionally fair and decent—not to Mr. Rowell, I should have said to Mr. Dewart—you will call him, one of your own party, and dissipate into thin air all this mist that you are trying to cast about Mr. Hanna, this shadow you are trying to cast about him, when the facts are known as to how the fiat came to be issued and so on. I perhaps ought not to become so indignant, but it does make me indignant when a man in Mr. Rowell's position challenges me and says that I know the objection I took was improper and should not have been taken.

MR. BOWMAN: Mr. Chairman?

THE CHAIRMAN: I just want to make this observation, Mr. Bowman, if you will permit me. The question was, were you upon any other occasion asked to contribute. That surely has absolutely nothing to do with it. Mr. Proudfoot has said, "This is not to be the end of it, I purpose bringing the matter up in the House again." He is pursuing the proper course in doing so. That is the course that I have been urging and suggesting; the only proper course; when the House meets again next week to bring the matter up and make the charges clear-cut and distinct, and they will be referred to this or some other Committee for investigation. There can be no objection to his doing that. Now, my suggestion to the Committee is that we proceed with this investigation. If they do not propose tendering any more evidence, we must arrange

to have someone to continue the investigation, because the Committee is not sitting for the purpose of hearing Mr. Dewart, alone, but to get all the information they can within the scope of these charges and to deal with them regardless of who may stay here or who may go away. I think we must proceed at once with the investigation.

MR. BOWMAN: Mr. Chairman, I just want to say a word or two. I think the statement I made in the early part of the proceeding to-day, that the Committee was getting into a very unfortunate position, has been borne out by the event.

THE CHAIRMAN: I do not care anything about these dramatic episodes or gallery plays. I do not care anything about them at all.

MR. BOWMAN: That is all right, Mr. Chairman, but I am a member of this Committee.

THE CHAIRMAN: I am not referring to you, Mr. Bowman, or reflecting upon you in any way; but when counsel withdraw with a dramatic flourish, I say I do not care anything about that. Pardon me for interrupting you.

MR. BOWMAN: This Committee had a right to expect that when this investigation was inaugurated and when the Committee was formed and started business yesterday, we had every right to expect from the statements made on the floor of the House by the Premier and the Provincial Secretary that there would be a thorough investigation in connection with the charges which were made by the Member for Centre Huron. Now we find ourselves up against a stone wall, and we find that the preponderating majority in the Committee refuses an investigation into the charges—

THE CHAIRMAN: No.

MR. BOWMAN: Which makes it absolutely impossible for the Member for Centre Huron to proceed.

THE CHAIRMAN: No, there is where you are wrong, Mr. Bowman; there is where I take issue with you.

MR. BOWMAN: With all due respect to the Chairman, I have my own views and I am entitled to them. I am not a solicitor, I look at this from a common-sense standpoint, these fine technical points don't bother me either one way or the other; I look at this matter in the same way as the ordinary man on the street would, and as a business man would. I say, let us cut out these technicalities and get at the facts in the usual way, without frills of any kind. As a member of the Committee I just want to conclude by saying this, that on account of the action which has been taken by the majority, by the steam-roller process which has been admitted here—

THE CHAIRMAN: Pardon me, you must not make that remark, Mr. Bowman, and I insist that you withdraw it before this Committee will hear you further.

MR. HARTT: Mr. Chairman, request Mr. Bowman to withdraw that remark.

THE CHAIRMAN: I do not think you are treating either this Committee or the Chairman with respect, and I am surprised that you should make such a remark.

MR. BOWMAN: Well, Mr. Chairman, I will withdraw that and use the term extreme methods, and as a protest against that, and as a member of the Committee, I desire to withdraw from the Committee of Privileges and Elections.

MR. MCGARRY: Just a word before the gentleman withdraws. Ever since yesterday afternoon, when they were stumbling and creeping around here and unable to go on, wasting the time of the Committee and asking for an adjournment, they have been riding for the very event which has happened this morning. (Hear, hear.) Just an excuse to get out of here.

MR. ELLIOTT: Just a word or two in answer to my honourable friend from South Renfrew. Very respectfully, sir, to you and the other honourable gentlemen of the Committee. It may be all right to laugh, gentlemen, in regard to a matter of this kind, but this is not a laughing matter for the people concerned or for the people of this Province.

THE CHAIRMAN: Not unless you make it so.

MR. ELLIOTT: Not unless you make it so, Mr. Chairman, and that rests largely with the Committee. They must take the responsibility. Now, sir, just before stating my position, I want with your permission and the permission of the Committee—because I do not think any gentlemen on this Committee will say that any member of the Opposition has unduly taken up the time of this Committee since this investigation commenced; I think it was the wish of every one of them that it should proceed with due regard for the solemnity of the investigation which was supposed to be taking place. I am one of those who believe that the Public Accounts Committee made a mistake, as I stated at the time that this matter was being investigated in the Public Accounts Committee.

THE CHAIRMAN: What has that to do with this?

MR. ELLIOTT: I will tell you, Mr. Chairman, if you will permit me for a moment, and if you won't I will go now.

THE CHAIRMAN: You may join the procession if you choose. I do not propose to sit here to be lectured by you as to how I should rule in another Committee.

MR. ELLIOTT: That is all very well. I wanted to tell you that my opinion was that matters would have been facilitated if the Committee before whom this investigation commenced had been given a freer—

THE CHAIRMAN: Now, Mr. Elliott, pardon me again, but you made that statement before the Public Accounts Committee vigorously, and we heard it all and dealt with it there. Surely you are imposing upon this Committee in asking them to again listen to that.

MR. ELLIOTT: It was only partially dealt with there, Mr. Chairman.

THE CHAIRMAN: It was dealt with, and there is no use referring to what occurred before the Public Accounts Committee.

MR. ELLIOTT: I just want to review the position taken before the House and before the other Committee and before this Committee. It was brought before the House. I believed, as I believe still, a great many honourable gentlemen in that House believed that this was a proper subject for investigation, not by a Committee of the House, but by a Commission of Judges. However, the House in its wisdom saw fit to refer it to this Committee. The Committee proceeded. I believe a great many of the men on the Committee—and I am not suggesting anything with regard to any of the others—but I believe that there were a great many of the men on this Committee who proceeded with a due regard for the responsibility they were taking. I do not believe, sir, that the shutting out of evidence of interviews which have taken place between the party accused and of the parties charged in this matter and any of the other parties concerned, is in the interest either of the accused or the accuser, or in the interest of the people of the Province. I believe that what was suggested by the Honourable the Premier, at the time this matter was referred to this Committee, was that they would have the fullest possible investigation. Was there a suggestion at that time that any of the interviews that took place in regard to this matter were to be excluded—

THE CHAIRMAN: Mr. Elliott, pardon me.

MR. ELLIOTT: From the hearing of this Committee. I will be through in a moment.

THE CHAIRMAN: You must not go on like that; I cannot permit it at all. We are not concerned with what the Premier said on the floor of the House; we are concerned with the reference that was made here to us, and we have endeavoured to keep within the four corners of that reference. These charges, as I have said, were carefully prepared after due deliberation, and referred to this Committee by the House for investigation and report. However desirable your suggestion might be, we have no jurisdiction, we have no authority whatever, to go beyond that. We have strained to the limit, in my view, the extent of our authority, because I was desirous of admitting everything that could possibly be twisted into any relevancy at all in this matter, but when we are asked here to investigate a charge of which we have never heard, either here or elsewhere, until this morning, when counsel gets up and asks, "Were you ever asked to contribute any other payments?" or "payments at any other time," now let me appeal to the intelligence of every member of this Committee, surely that is a matter that is not before us, surely that is a matter that has got to be sent here by the House if it comes before us at all.

Surely this Committee must have some semblance of regularity about its proceedings, and it must be vested with some authority before it can go on to deal with all that kind of thing. You or any member of this Committee might get up and suggest all kinds of improprieties that they have heard of from any source whatever, and say to the Committee, Let us go into this, I believe this man did so and so on some other occasion, and this ought to be investigated by this Committee. You can see what a chaotic state of affairs there would be, and how absolutely unlimited in its duration the investigation would become. My opinion is, and I think the Committee will agree with me, that I have extended, unwarrantably, perhaps, latitude to every member of this Committee, because I think we heard here a superabundance of evidence yesterday that had nothing whatever to do with the charges. The charges, as I say, are clear-cut and distinct on the record. It does not need any lawyer to eliminate what is not contained in these charges from what is, because it is made very clear-cut and distinct. Now, we are investigating those charges, and those only, and if any member of the Committee or any member of the House desires that this Committee should investigate anything further, or thinks there is anything worthy of investigation, let him adopt the normal and the proper method of bringing it before the House and having the House say whether or not it is of sufficient importance to refer to a Committee for investigation and make their reference accordingly. Now, I think we have had quite enough speech-making about this thing, and I think there has been quite enough pyrotechnics here yesterday and to-day, and we ought to get down to the business of the Committee and proceed with the investigation that we are asked to conduct.

MR. ELLIOTT: Would you permit me, Mr. Chairman, to finish my remarks?

THE CHAIRMAN: If they are relevant and not too lengthy, yes.

MR. ELLIOTT: I want to refer not so much to the question as to whether or not at any other time something of this kind was done, as to the questions as to various interviews which took place in regard to the particular matter. I submit with very great respect that that should have been gone into. I have nothing further to add, except that under the circumstances I feel that no good purpose can be served by my remaining here, and I feel it my duty to withdraw.

MR. MARSHALL: I just wish, Mr. Chairman, to reply to a remark made by Mr. McGarry about a pre-arrangement.

MR. MCGARRY: I did not say anything about pre-arrangement. What I said was that from yesterday at noon it was evident to every man on this Committee, when you were stumbling around looking for something to do that would take up the time, that the counsel for the prosecution or for Mr. Proudfoot was riding for just what happened to-day, namely, to get out of here as quickly as possible.

MR. MARSHALL: Mr. Chairman, I wish to state that that, as far as I know is not true.

THE CHAIRMAN: So far as you are concerned, I have not any doubt, it is not.

MR. MARSHALL: Possibly I ought to know as much as Mr. McGarry on that point. I wish to say this, that with regard to what might be prospective evidence on this, I have no knowledge and had no previous knowledge whatever. I was here simply as a member of the Committee and a listener, not acquainted with legal technicalities, nor did I think that when this Committee met to deal with this that they wished to place too much stress upon legal technicalities, but that they would go into the spirit of this. Now, I think a mistake was made yesterday, Mr. Chairman, with all due respect—just to speak a moment about it, in not going into the question of these coal tenders. I think a mistake was made, not in the interest of Mr. Hanna.

THE CHAIRMAN: Well, Mr. Hanna, as you have heard this morning, asked to have that gone into. My view is that we have not any right here to go into it, and I so ruled, and I am still of that opinion until we hear some very different reasoning than we have heard.

MR. MCCREA: I think their own counsel objected to going into that this morning.

MR. MARSHALL: In an investigation of this kind a great deal of latitude should be allowed.

THE CHAIRMAN: Let me ask you a question, Mr. Marshall. Some people object to me interrogating them.

MR. MARSHALL: I do not object to it, sir.

THE CHAIRMAN: If you look at that very point, Mr. Marshall; use your own intelligence and judgment about it: obviously, if it had been desired to make any charge with reference to coal tenders or underfeed stoker tenders, those would have been included in the charge at the bottom of page five. There is absolutely no charge. You can quite understand that. Now, if there had been any basis for it in the mind of anybody, Mr. Proudfoot, who has decided upon the making of these charges, would certainly have included that in his charge, would he not? You would assume that. So that we are merely being asked to investigate something that is not charged at all. It is said that Mr. Taylor made threats that so and so had occurred, and that now we ought to investigate that because Taylor threatened so and so. Taylor may have heard it in the King Edward Hotel, or down town somewhere, or in a dozen places, without a shadow of foundation for it.

MR. MARSHALL: I submit, Mr. Chairman, that in regard to those coal tenders your decision is more or less of a technicality. The papers connected with those coal tenders you have had brought here; for what purpose?

THE CHAIRMAN: Let me point out this; you are not a lawyer, but all lawyers will understand that in an ordinary piece of litigation every document is produced on an affidavit on production. Every document. But no document is evidence until it is proved and put in here as such. Meantime, it is produced for your examination.

MR. MARSHALL: I presume if they were ordered to be produced and laid before the Committee, it was for some purpose.

THE CHAIRMAN: Brought here for them to examine.

MR. MARSHALL: Now, then, the other point, Mr. Chairman, in connection with this payment of \$500. It is admitted. I do not know, of course, whether this is correct or not, but we are asked to pass upon that without being allowed to hear evidence of surrounding circumstances for or against. That seems to me the situation, and that is a serious one with regard to this point.

THE CHAIRMAN: I do not think that is the position, Mr. Marshall.

MR. MARSHALL: That being the position as I see it, well, as you say, I am joining the procession. It does not seem to me that it is worth while for me to stay here, because I cannot give an intelligent vote on this matter.

THE CHAIRMAN: We will be the loser if you leave.

MR. BOWMAN: Mr. Chairman?

MR. MCGARRY: I thought you had gone out. I saw you disappearing down there.

MR. BOWMAN: No. I want to repudiate on behalf of Mr. Dewart and Mr. Proudfoot and the minority members of this Committee, the statement which Mr. McGarry made that the efforts of Mr. Dewart yesterday afternoon were along the line of preparing for a fall. That is absolutely unfounded, and I am in a position to make that statement. I know what I am talking about. Mr. Dewart conducted his case in a certain way. There were reasons for it, but the reasons which actuated Mr. Dewart were not the reasons ascribed to him by my friend Mr. McGarry.

THE CHAIRMAN: Perhaps we might investigate and find out what his reasons were?

MR. MCCREA: Before the friends of Mr. Proudfoot all leave the room, I think it might be as well to ask, on behalf of the Committee, whether or not they intend to produce any further evidence as to the granting of this fiat.

MR. HARTT: There is a witness on the stand.

THE CHAIRMAN: They made it very clear and distinct that they did not propose to adduce any further evidence on these charges before this Committee, and withdrew on that account, or withdrew with that statement.

MR. MUNRO: Mr. Chairman, I do not think we have a right to put that construction on it. The counsel in withdrawing did not make that claim. He claimed that he withdrew for the reason that he was not allowed to conduct his case properly.

THE CHAIRMAN: I did not say he said he had not any further evidence, but that he said he was not going to adduce any, he was going to withdraw.

MR. MUNRO: You made the assertion that there was not further evidence.

THE CHAIRMAN: Oh, no, pardon me, I did not say that. I do not know what his case is at all.

MR. MUNRO: As one of those who have come a long way—about 340 or 350 miles—in order to be here, I fully expected that this case was going to be investigated until we would get to the bottom of it, and I think it is unjust to those who are accused that this matter was not allowed to go on and to be threshed out in the minutest detail, so that we would get, in a common-sense way, at the bottom of the facts. I do not think if I were accused of a matter of this kind that I would thank any of my friends for obstructing it as it has been obstructed here.

MEMBERS: Oh, oh!

MR. MUNRO: That is all right. I have got common sense, as well as others. I am not a lawyer, I am not versed in these little technicalities, I am not one of those who can jockey for position in a matter of this kind, but I have got common sense to know when a thing is properly put and when it is not, and I think—with all due regard to you, Mr. Chairman, and the others who have sustained your ruling—I think it is not in the interest of these parties, or in the interest of the charges that were made by Mr. Proudfoot, or in the interest of the country, that this matter should go on as it has. As one of the minority and as a member of the Committee I object to it and I protest against it, and I further say that if this matter had been allowed to go on as it should have been allowed to go on in the Public Accounts Committee it never would have got to the stage it has to-day. I was a member of that Committee from the first—

THE CHAIRMAN: Mr. Munro.

MR. MUNRO: Excuse me, until I get through.

THE CHAIRMAN: No, I will not. You will pardon me. Pay respect to what I say here, if you please, so long as I am in the Chair. We are not

discussing here what took place in the Public Accounts Committee. This is neither the time nor the place to reflect upon the Public Accounts Committee. You must not do it. You can discuss the matter that is here.

MR. MUNRO: That is another of these hair-splitting technicalities.

THE CHAIRMAN: No, it is not a hair-splitting technicality.

MR. MUNRO: I was a member of the Public Accounts Committee from first to last, and the same mode of procedure conducted there has been conducted here.

THE CHAIRMAN: I have already said that you must not discuss the proceedings of that Committee, and I ask you to pay some respect to the Chair and the Committee here to-day.

MR. MUNRO: I am giving them due respect; and with all respect to you, sir—

THE CHAIRMAN: I expect that you will, Mr. Munro.

MR. MUNRO: I feel strongly on this matter. I think that having been brought from all over this Province with a view of investigating these charges—which it was announced in the House would be investigated to the bottom and they would see the bottom of it and every matter would be gone into—in face of that fact I do not think it is fair that these proceedings should develop into what I call simply a farce, with all respect to you, Mr. Chairman, and the Members of this Committee who are here in a solid battalion behind you to back up your position every time.

THE CHAIRMAN: Mr. Munro, I am amazed that a man of your standing and your position of honor in the House and in the country should make statements of that kind, should offer insults not only to myself but to the Committee. It is entirely uncalled for and I must ask you not to persist in that course here.

MR. MUNRO: Very well, Mr. Chairman, I will not follow that line any further. In view of what has taken place I will conclude my remarks by saying I do not think we would show any respect for ourselves if we remained here in the face of what has gone on both to-day and yesterday. Further, I will take up what Mr. Bowman has said, that there was no intention at all on the part of the counsel yesterday to adopt the course that he took with a view of preparing for a fall, as my friend from South Lanark or North Lanark, I do not know which of them, says. There was nothing of the kind.

A MEMBER: It was very obvious.

MR. MUNRO: Nothing of the kind, sir. I can vouch for that fact fully as much as Mr. Bowman. There was nothing of the kind. It was fully expected that this matter would be gone into; we had or were supposed to have

a straight task before us, and if we cannot follow the thing any further I do not think you can expect that those who are anxious to see this probed as it should be could remain here in the face of what has taken place, so along with the others I will withdraw.

MR. RACINE: Mr. Chairman, I think the proceedings are unfair, so I wish to withdraw.

THE CHAIRMAN: Now, is any Member of the Committee desirous of examining Mr. Taylor who is here under oath?

MR. TAYLOR: Mr. Chairman, there has been a lot of insinuations here as to the question of this award. I think in justice to Mr. Thorne and to myself and to Taylor, Scott & Co., that that should be fully gone into.

THE CHAIRMAN: You mean what? About the propriety and amount of the award?

A.—Yes, the amount of the award and different things. No direct thing, but a lot of different insinuations as to the amount. I think that should be gone into in justice to ourselves.

Q.—What have you to say with respect to that?

A.—Well, I am prepared to answer any questions anyone wants to ask, and go into it fully and in detail. I think it should be brought out. If there are any suggestions? I think some of the counsel should take it in hand.

MR. NESBITT: The charge that is made, Mr. Taylor, the only charge that I think is left—because you have heard me admit as to the \$500—it is suggested that your claim was put in at \$19,000 as late as February, 1911. Referring to Exhibit 3—"B" it is marked—dated February 16th, 1911, a claim made for \$19,463.02. Accompanying that the statement: "We append hereto itemized statement, reserving, however, the right to increase same. Our books are open to inspection by the Department representatives at all reasonable times for the purpose of verification." It is said that that statement grew by the 24th of February to a claim for \$50,000, in your petition of right. What have you to say to that?

A.—I say that we never made any final statement, that that never was intended to be a complete statement, there was a lot of items in dispute that we could not make up a statement for, could not make a claim against without going and examining the Central Prison records for five years. We never intended to make it out, and this never was a complete statement. When Mr. Thorne was appointed arbitrator we made our statement then. These other things were going to take months and months to go into and we struck them out and said: We will make no claim, we don't want to delay and we will make no claim.

Q.—The claim you did make was some forty odd thousand dollars.

A.—I don't know. It is in there, in the record somewhere. I am willing to go into every item of that claim if you want to.

Q.—I am not going to trouble about that.

A.—Well, let me go into one or two of them. I will go into the coal item if you like.

Q.—I will ask you this question, Mr. Taylor. You are summoned here on behalf of Mr. Proudfoot. This award has been challenged as a corrupt award. What do you say as to that?

A.—I say that is absolutely without foundation. It is absolutely not true that it is a corrupt award.

Q.—What do you say as to the amount of the award?

A.—Well, I told Mr. Thorne at the time he was appointed arbitrator that it didn't make any difference what he would give me, I would always consider that he gave me what he thought was right, and I have never discussed it with Mr. Thorne or with anybody else. I think Mr. Thorne gave me what he thought was right. But I think he gave me a great deal too little.

Q.—What do you say your claim was justly worth?

A.—What I put it in at. I don't put in claims for money for which I did not have a just claim. I expected to have got about \$40,000. Mr. Thorne in his wisdom threw out the best claim that I had; undoubtedly the best claim; the claim for fuel. I am not speaking against Mr. Thorne's judgment now, you understand, and I have never discussed this with Mr. Thorne from that day to this, but we had a claim there for \$4,800, and I don't believe there was a man in the Department but what considered that a good claim. They had never said so, but I believe Mr. Hanna, Mr. Armstrong, Mr. Rogers, Dr. Gil-mour, and everybody else considered that was a claim. That claim was thrown out completely. We got nothing for it.

Q.—I just want to sum it up in a word. You say you are ready to go into any of these items? I do not know whether the Committee want to do it or not.

A.—I will tell you what I am willing to do to show my good faith. If the documents—and I think they are here—can all be produced now that were produced before Mr. Thorne, if the Government think the award was not a fair one, then I am willing to give them back their twenty-one thousand and sixty-eight dollars, and also the three cents, and let them appoint another arbitrator. All I ask is, that a business man be the arbitrator, some recognized business man who is not a politician, to be the arbitrator, and if I don't get more than \$5,000 more than Mr. Thorne allowed me I will pay all the expenses of the arbitration, and I think I would be safe in making it ten, but we will make it five, and if they do, then the Government can pay the expenses of the arbitration.

Q.—Well, I do not know that I am concerned with that, Mr. Taylor.

A.—I am simply making you that proposition to show you my good faith.

Q.—Then you utterly repudiate the suggestion that you obtained one dollar of advantage out of this Province.

A.—I certainly do. Unquestionably. My claim, if you want to go a little further, is that the Province still owes me some money, but that is not here nor there as far as you are concerned.

Q.—I want to ask you this further question. I admitted this morning that you had used certain threats. I am now discussing the \$500. I will ask

you this so that my friends, if they want to, can follow the charges if they like. Was there a single one of those threats that you had any personal knowledge of?

A.—I don't think I quite understand the question. Was there a single one of what?

Q.—As to coal and underfeed stokers.

A.—No, I had no personal knowledge.

Q.—That was gossip that had been repeated to you?

A.—Yes.

Q.—In referring to that award, there are just one or two items I would like to refer to if you will allow me, if you will turn up the award. Is it correct that your nominee was Clarkson & Cross as arbitrator?

A.—I suggested them. I was willing to take any recognized accountant. Here is an amount that I would like to refer to. (Indicates the award). About 1908, Dr. Gilmour, the Warden of the Central Prison, and the Inspector came to me and said that the twine shop was being closed down, that they had a large number of prisoners lying idle and could we use some of them. I told them, after going into the matter with our superintendent and manager and foreman, that if they could let us have, if it was agreeable to them to let us have a room up in the broom shop that had not been used for years, that was standing idle, that they were not using at that time, and let us put in some machinery in there and supply the necessary power, which was only a trifle, to use that machinery, that we would put in twenty men in there for them. They thanked us for doing it. We put our superintendent in there to look after some fifteen or twenty men. There never was one suggestion from Dr. Gilmour or the Inspector or anyone else that we should pay rent for that and there never was during the time we were in there an account sent to us for rent or for power nor never was a suggestion of it, and I don't believe that Dr. Gilmour ever intended it or the Inspector ever intended it. Now after the 18th of November when Mr. Thorne was making his investigation, he comes to me and tells me there is \$900 charged to me for rent and \$500 for power for using that shop.

Q.—Did he award it?

A.—He threw out one and awarded the other. He threw out the question of rent and he awarded \$500. I don't know whose great mind it was that suggested that charge and I don't care, and I have never gone into it with Mr. Thorne, but I just want to tell you that that was not just treatment coming from a Government official, and I don't believe Mr. Hanna or Dr. Gilmour knew anything about it, and I don't blame either of them for it. There has been a good deal said here about this award, and I just wanted to tell you that.

Q.—I think that is all I want to ask you, Mr. Taylor.

THE CHAIRMAN: Does any member of the Committee want to ask Mr. Taylor anything? Very well, then, that will do, Mr. Taylor.

MR. NESBITT: I will call Mr. Montgomery.

JOHN D. MONTGOMERY, sworn. Examined by MR. NESBITT:—

Q.—Mr. Montgomery, you are a solicitor practising in Toronto?

A.—Yes, sir.

Q.—And have been for many years I believe?

A.—A number of years, unfortunately.

Q.—Were you solicitor for Mr. Taylor?

A.—For Taylor, Scott & Co.

Q.—You are, I believe, of the same Party as our friend, Mr. Rowell?

A.—Yes.

Q.—Have always been?

A.—I have always been.

Q.—A well recognized and pronounced Liberal?

A.—Not conspicuous, but I have been known as a Liberal.

THE CHAIRMAN: Your politics you do by proxy.

A.—I have my own business to attend to.

MR. NESBITT: Now you were concerned for Taylor, Scott & Co., in this Central Prison contract?

A.—I was, at an early date.

Q.—You, I believe, applied for a fiat?

A.—I did.

Q.—The petition is in here. It was obtained by the 13th of March, applied for on the 24th of February?

A.—I believe so.

A MEMBER: What year?

A.—1911.

MR. NESBITT: 1911. Will you state to the Committee what the procedure is as to that?

A.—I sent my petition in to the Attorney-General's Department.

Q.—To the Attorney-General's Department?

A.—Yes.

Q.—Not to the Provincial Secretary's Department?

A.—No, not to the Provincial Secretary's. I sent it to the Attorney-General's Department, and the petition was ultimately returned to me with the fiat endorsed, in the ordinary course.

Q.—The petition of the Lieutenant-Governor, "Let right be done."

A.—Yes.

Q.—It is said that at that time there was some understanding that you were not going to take the proceedings for three months. What is the fact about that?

A.—That is quite so.

Q.—Tell me how that occurred.

A.—As I knew, the accounts between the Central Prison and Taylor, Scott & Co. were long and complicated, I did not wish to take the matter up before vacation.

Q.—Before vacation? These gentlemen may not understand that. I have heard a great deal about legal technicalities this morning. They may not know what the legal vacation is.

A.—I did not wish to take it up before the first of July, because I had not time to attend to the details of such litigation during term time, that is prior to the adjournment of the Courts for vacation.. So it was arranged between us—

Q.—Between who?

A.—Between, I think it was the Department and myself.

Q.—Or Mr. Stewart, which?

A.—It may have been Mr. Stewart, I may be hasty about that, but at any rate it was arranged that I should have the information.

Q.—I think what Mr. Stewart says is that he and you arranged it for your mutual convenience.

A.—Well, it practically amounted to that. I knew I could not go on with the matter until vacation; I knew that I could not be ready for trial in June, and it was simply wasting time to take up anything prior to that time. Besides that I could not have access to the records, because the House was in Session, and it was arranged between Mr. Stewart and myself that when I required the records during vacation that I should have free access to all the Departmental records, and that he should have access to my records, or Taylor, Scott & Co.'s.

Q.—The reason I ask you that is that it is suggested rather by way of innuendo in the statement in the House that there was that understanding to delay; the sentence is "The House was then in Session," as though that understanding had something to do with an impropriety, that they did not want anything done. What do you say as to that?

A.—Nothing in it whatever, because I could not get the clerks in the office to get me the records which I required, and I knew it.

Q.—You mean this was your arrangement, was it?

A.—This was my arrangement.

Q.—Nothing to do with Taylor or with Mr. Hanna or anyone else?

A.—I don't suppose Taylor knew about it.

Q.—Now I ask you on your responsibility as a member of the profession, is there any shadow of a suggestion that that had anything to do with anything improper or a desire to keep anything secret or anything back or anything of that kind?

A.—Not to my knowledge. Absolutely nothing to do with it.

Q.—It was on your suggestion?

A.—It was on my suggestion.

Q.—Now it is said that there was great delay in the prosecution or adjustment caused by the Provincial Secretary. What do you say? Had the Provincial Secretary anything to do with either this delay or the prosecution or adjustment spoken of?

A.—Nothing whatever, that I know of.

Q.—It is said that at some stage, or do you know of that of your own knowledge, he demanded a letter of apology from Taylor?

A.—I know nothing personally about the matter excepting what I have heard, except these stories about it.

Q.—Did you make any observation to him about it?

A.—To Mr. Hanna?

Q.—Yes, to Mr. Hanna, that he was demanding a letter of apology?

A.—Yes, I did.

Q.—What did you say to him?

A.—I told him it was beside the question entirely; that the only question between us was as to the validity, as to whether Taylor, Scott & Co. had any just claim against the Government or not.

Q.—I understand that, but did you make any remark, that he was a damn fool to bother his head about anything that Taylor had said?

A.—I did not want to put it that way, but that is the way it was put at the time.

Q.—And he apparently saw that because that is the last you heard of it?

A.—I heard no more about it. It was simply wiped out.

Q.—You said, don't be a damn fool, don't pay any attention to what he said, whether it is an insult or not.

A.—It was beside the question entirely.

Q.—I think you are sound. Just going back a moment, I did not know it existed, but my friend, Mr. Ferguson, tells me that you wrote a letter on the 2nd of May setting out the circumstances about the delay and that it was undesirable.

A.—I don't remember that. That is a letter of mine?

Q.—I don't think it adds anything to it.

THE CHAIRMAN: What is it about?

MR. NESBITT: It is a long letter suggesting that they did not desire to proceed, suggesting that some person from the Government meet them, and so on, and see if they could not adjust it.

A.—Leading up to a settlement.

Q.—You were all the time, I believe, pressing for a settlement?

A.—I was.

Q.—Now it is said that it was desired to have a referee appointed and not have it tried by the Court. Have you anything to say as to your point of view upon that, and as to how far you were instrumental in insisting upon that being done if possible, with your reasons?

A.—Do you want the details of that?

Q.—Well, if you did so.

A.—I stated to the parties that no judge could be obtained who would try such an issue as this out. I mean the question of account. That that should be referred either to some expert accountant or to an officer of the court for adjustment. At the same time I was under a disability in regard to the pleadings and stated that owing to the condition of the pleadings that Mr. Stewart had put in, technical pleadings, that I might never get down to that stage of the taking of those accounts, if these technical pleadings were to prevail.

Q.—Just explain that to the Committee. What was the technical pleading?

A.—They pleaded statutes. In the first place by implication they pleaded that the contract which was entered into between Taylor, Scott & Co. and the Government had not been signed by the Senior Inspector.

Q.—And I believe that was the fact?

A.—It was signed by Mr. Rogers instead of having been signed by Mr. Postlethwaite, Mr. Postlethwaite's Commission being a little earlier, older in point of date, I may say, than Mr. Rogers and the Statute making the Senior Inspector the corporation for the purpose of litigation.

Q.—In other words, let me put it so that it will be popularly understood, the Statute requires any contract to be signed by the Senior Inspector and de-

finds that the Senior Inspector shall be a Corporation sole for the purpose of signing that, and that that shall be the Inspector first appointed?

A.—That is it.

Q.—The fact was that it was signed by Mr. Rogers and that Mr. Postlethwaite had been appointed a short time before him, so you were in the difficulty that you might not have a contract at all in writing?

A.—My contract was questioned on that ground.

Q.—Then, Number two, was this pleaded, that although admittedly there was a verbal arrangement to change the contract from three to four cents an hour, and so on, that that could not be given in evidence although it had been acted upon for four or five years, because of the Statutory Provisions relating to the making of contracts?

A.—That is it, and although we had paid thousands of dollars under that verbal arrangement.

THE CHAIRMAN: You mean to tell us that Mr. Stewart, acting for the Department, had pleaded his Statutory defences, and you would practically have been shut out of court?

A.—If that had prevailed.

Q.—So that your idea then was, Mr. Montgomery, that your safe course, and in the interest of your client, was to get an arbitration or a reference of some kind to get rid of these defences?

A.—Otherwise, on those technical defences, I might have been in the courts yet without getting down to the merits of the case.

MR. NESBITT: Were you pressing upon the Department or upon Mr. Hanna that the only fair course to take was to refer the matter, to find out just what was due, there being admittedly something due.

A.—I am not reflecting upon Mr. Stewart. Mr. Stewart took absolutely the proper course, but my representations to Mr. McNaught and to Mr. Hanna were that the pleadings set up against me were dishonest and should not be allowed to stand on the record.

Q.—You were pressing, in other words, for a reference?

A.—I wanted a reference setting aside those technicalities.

Q.—When you say dishonest, you mean that that was your strong way of saying that the Government were taking advantage of technical defences instead of fighting it out on the merits?

A.—On the merits of a claim that was partially admitted by the Department.

Q.—The Statutory Provisions as you know exist?

A.—I would like to make those Statutory Provisions—you have a copy of them there—a part of the record, because I used it with Mr. McNaught.

Q.—They are in there, if you want to put them in.

THE CHAIRMAN: The record is filed.

WITNESS: They are filed, but these are the Statutory Provisions extended.

MR. NESBITT: Would it be fair to say Mr. Hanna opposed you?

A.—He did to a certain extent.

Q.—What I want to get at is this, was his attitude that of a man who was either under the influence of improper persuasion or of improper fear in any sense?

A.—No. He seemed to be under some anxiety, though.

Q.—Well, naturally, from what we know now.

A.—Anxiety to save the Department, at the expense of my client.

Q.—Now the award itself which was made, what have you to say as to that?

A.—I know practically nothing about it.

Q.—But you know your case and so on?

A.—I do.

Q.—What do you say as to whether that is an improper or unjust award?

A.—I think that it is an unjust award in not having allowed that coal item that I was fully persuaded was a proper amount to be allowed and added to that award.

Q.—Do I understand from that that you think that is an item of some thousands of dollars?

A.—About \$5,000. I thought we should have had about \$5,000 more.

Q.—You did not see Sir James Whitney at any time about this?

A.—Never.

Q.—You did see Mr. Hanna?

A.—I did.

Q.—So far as you know is there any possible reason for the suggestion that you got your fiat in any corrupt way?

A.—I have no knowledge of any such thing.

Q.—Did you pursue the application for your fiat in the ordinary and regular way?

A.—They are not everyday affairs. I may say it was my first. I put it in to the Department in the ordinary course laid down.

Q.—And so far as you know it was passed upon by them only?

A.—It was passed upon by them only, so far as I know.

Q.—And as to the award you say so far from being corrupt you think it was \$500 too little?

A.—\$5,000.

THE CHAIRMAN: That is his opinion. He says there was an item of \$5,000 he should have got.

MR. NESBITT: The suggestion is made—because the whole gravaman to my mind, Mr. Chairman, of the charge is that \$500 had been paid away back in 1907, November, 1907, I think is the date, and here in 1912 an award made—have the two any relation, or if they had did it produce any result?

A.—Not as far as I know.

Q.—You say that the award was too little if anything. I think that is all, Mr. Montgomery.

THE CHAIRMAN: Does any member of the Committee wish to ask Mr. Montgomery anything?

MR. NESBITT: Then I will call Sir James Whitney.

THE CHAIRMAN: I was going to suggest that we adjourn until two o'clock, or you may take Mr. McNaught.

W. K. McNAUGHT, sworn. Examined by MR. NESBITT:

Q.—Mr. McNaught, you are the member for one of the Toronto's?

A.—North Toronto.

Q.—Will you tell me—your name has been mentioned here—how did you come to be mixed up in this?

A.—Mr. Taylor called on me at my office one morning, two years or a year and a half ago, and he stated at that time that he had a claim against the Government.

Q.—Why should he call upon you, do you know?

A.—I don't know why.

Q.—Had you known him before or had any relation with him?

A.—I have known him for some years.

Q.—Had you had any relations with him?

A.—Well, yes, I had. He had done me some favors in the matter of a trial I had some years before that. He had furnished some evidence for me which in my opinion was quite valuable.

Q.—He had given you some assistance in some litigation some years before?

A.—Yes.

Q.—Now he comes in and says he has litigation on with the Government?

A.—Yes.

Q.—Had the fiat been granted at that time?

A.—Yes, he told me a fiat had been granted some months before.

Q.—So that we have got long past the fiat stage and he had some litigation pending and what was his trouble?

A.—His trouble was that he could not get a trial for one thing and another, as Mr. Montgomery stated a few moments ago. He explained that in his own way, that owing to some technicalities certain evidence would be ruled out, and he was afraid that if it did come to trial it might be a very long time.

Q.—I do not intend to go into the interview between you and Mr. Taylor because that perhaps is not regular. I want to ask you this question: had his coming to you anything to do with anything improper in any sense?

A.—I might say the principal reason he brought it to me was, that he was in very bad health; in fact, judging from his appearance, I would say he was on the verge of nervous prostration. He was very much excited and appeared to me like a man who was breaking down from nervous strain. He said his doctor had ordered him to go south immediately, and he wanted to get away, and if I could do anything to help him in getting this matter settled in some fair way he would be very much obliged, he would take it as a favor.

Q.—That is how you came to interest yourself in him? Well, then who did you see?

A.—I came up to the Buildings. I told him I would think over the matter, and I came up to the Buildings the next day to see Mr. Hanna, but found he was away from the city, but I saw Sir James Whitney before I left the Buildings.

Q.—Did anything occur with Sir James Whitney, did he take any part in it?

A.—No. My reason for seeing Sir James was this, that during the conversation with Mr. Taylor in my office he stated to me that Mr. Hanna and he had practically come to an arrangement whereby they were going to lengthen the term of the contract, or extend the term of the contract for an indefinite period in order to work out the amount of money he claimed he was owing him. In my opinion that was a very bad policy for the Government and the country, and as I had been one of a delegation that waited on the Government some years before, along with a lot of other manufacturers and other people, I think labor men, to protest against that very thing, I concluded that I should lay this matter before Sir James and give him my views on it, which I did. Sir James at once said it was not the policy of the Government to do that, nor to extend the contract, and he said you better see Mr. Hanna. That is substantially all that passed between us.

Q.—Following that subject up, I believe from what Mr. Thorne said yesterday, that he understood it had been arranged for an extension, but as a matter of policy the Government said no they would not extend, and they would pay any claim there was.

A.—I did not know that at the time. I only knew what Mr. Taylor told me about that until I saw Sir James.

Q.—What was the next thing happened?

A.—I saw Mr Hanna a few days later, on his return to the city, and laid the matter before him. I think before I saw Mr. Hanna I had seen Mr. Montgomery. I went down and saw Mr. Montgomery in order to find out what the nature of the claim was. Of course, Mr. Taylor had explained it to me, but I wanted to verify it by his solicitor, because I really did not believe at the time, from the nervous condition he was in, I was not just sure whether his story was right or wrong, or whether he might be mistaken in regard to his position. However, I saw Mr. Montgomery, and found out it was substantially correct.

Q.—That is about the legal defences?

A.—Yes, and also in regard to the nature of the claim. I may say, it took Mr. Taylor probably two hours to tell me the story. He went into the nature of the claim at considerable length, different items of one thing and another, and from my knowledge of manufacturing and the business itself, I was satisfied it was a very complicated thing. I thought it over and then I saw Mr. Hanna on his return. Of course up to that time it was just in a general way I was thinking of it at all, but when I saw Mr. Hanna and went into the matter with him, the first thing I took up, as I recollect, was the extension of the contract part of it. He said he had no intention whatever of extending the contract. Then in regard to the settlement of the account I impressed on him that in my view a proper settlement could only be brought about by a reference to some competent man who understood accounts; I did not believe there was a judge in the country who could handle that case properly or give a proper judgment in regard to it; I thought it would be a very expensive thing to have it settled by a court of law, and having had experience in that kind of litigation on several occasions I was satisfied that the costs of a reference of that kind would be a very large amount, probably ten or twelve thousand dollars for both sides, and that the simplest and most direct and fairest way was to refer it to some first-class man. I might say that Mr. Hanna, while admitting there was

a claim for a certain amount, thought Mr. Taylor's claim was altogether too large—his claim, I understood was about \$40,000—but he finally agreed that probably it would be a better thing to refer it. I suggested Mr. Thorne's name to him as a man that I had thought of.

Q.—How did you know Thorne?

A.—I met Thorne in connection with the Manufacturers' Association. We were going into a housing scheme here in the city, a certain number of manufacturers, and my recollection is that Mr. Thorne was employed or engaged in some way by the Committee to look after this matter and to collect subscriptions, which he did, I believe, to the extent of some \$30,000. I was one of the Committee, and of course I had to meet him on a number of occasions, and I formed a very high opinion of his ability, and I might say, his integrity, and he was a very clean cut fellow, and I was very much taken with him. I knew he was a first-class accountant because he was brought over by the Government, by Mr. Hanna's Department, to reorganize the Department; I mean to say the book-keeping of the Department, and he was then engaged as the head accountant of a large manufacturing firm in the city here. Another thing which made me think he would be the best man for it was that he was thoroughly conversant with the accounts themselves, having been auditor or supervisor of those very accounts years before when he was in the service of the Government. Those were my reasons for suggesting Mr. Thorne.

Q.—Who did Mr. Taylor suggest?

A.—I saw Mr. Taylor after I had seen Mr. Hanna, and I told him I had seen Mr. Hanna and impressed on him the advisability of a reference instead of going on in the courts. I asked him if that would be satisfactory to him. He said it would; he thought it would be a fairer way of settling it than the other, and he suggested, if I remember right—I think he suggested more than one—but I remember Mr. Cross, of Clarkson & Cross, as one.

Q.—That is Taylor suggested?

A.—Yes. However, he had no objection to Thorne. I mentioned Mr. Thorne's name to him and he had no objection whatever. The result of our interview was that I called up Mr. Thorne over the 'phone—he was then employed by Staunton's Limited here in the city—and asked him, if he were appointed would he be able to act as sole referee in the case, if he could get away from his business a sufficient time to allow him to do the work. He said he thought he could, but he would let me know next day, which he did; he said he could give the necessary time. I then communicated with Mr. Hanna and Mr. Taylor and arranged to meet him a day or two later, I think upon a Saturday, I am not sure, in Mr. Hanna's Department, or room, rather. At that time Mr. Taylor and Mr. Hanna and Mr. Thorne and myself were present. That was the interview at which the reference was arranged. I may say that while we were talking about it something occurred that I did not know before. Mr. Hanna said to Mr. Taylor: "You understand, Mr. Taylor, that Mr. Thorne has been engaged by us for some time and has been working on these accounts for some time with the idea of being a witness for us in this case and getting the evidence in shape." Mr. Taylor said he understood that was so, but it didn't make any difference.

Q.—Mr. Hanna said he wanted him to understand that the man he was consenting to was expected to be a Government witness?

A.—Yes.

Q.—Now something was said to have occurred between Taylor and Thorne, that Thorne said something about that if he was appointed and the thing was settled, that Taylor was to drop his talk about Mr. Hanna?

A.—Nothing of that kind while I was there.

Q.—It was not said or you would have heard it if it had occurred?

A.—I think I would, yes, sure.

Q.—And nothing of the kind occurred. Well, there is no doubt that this did occur, that Thorne was appointed?

A.—Thorne was appointed on my suggestion.

Q.—And after he was appointed or after he was talked about, that Mr. Hanna turned to Mr. Taylor and warned him that he did not want him to consent to Thorne until he knew that Thorne had been a Government witness?

A.—Yes.

Q.—Or was intended to be a Government witness?

A.—Well, I would not say a Government witness.

Q.—But working at it for the Government?

A.—He was working on the accounts for the Government.

THE CHAIRMAN: Preparing himself as a witness?

A.—Well, that would be the inference, yes.

MR. NESBITT: Well then the thing was signed?

A.—Mr. Hanna called in his secretary, if I remember, and dictated the reference to him, and it was signed by both parties.

Q.—It was insinuated yesterday, and I want to ask you about that, whether you were to take that and communicate it to Sir James Whitney, what do you say about that?

A.—It is absolutely untrue as far as I am concerned. I never heard of it before.

Q.—Did you see Sir James about it?

A.—Not at that time, no.

Q.—Was anything said at that interview or any discussion at all about these threats that had been talked about, or about the payment of \$500.

A.—Nothing whatever. I may say that I never heard a word, no reference to threats of any kind was ever made in my presence regarding this whole case, after the first interview of Mr. Taylor at my office. The only time I ever heard any threats—

THE CHAIRMAN: Mr. Nesbitt, I can see this will last some little time yet. We will adjourn now until two o'clock.

MR. HARTT: Make it 2.30, Mr. Chairman.

THE CHAIRMAN: No, two o'clock.

(Noon adjournment for one hour.)

BEFORE THE COMMITTEE ON PRIVILEGES AND ELECTIONS.

TORONTO, WEDNESDAY, APRIL 30TH, 1913.

Afternoon Session, 2 p.m.

MR. W. K. McNAUGHT, examination continued by MR. NESBITT.

Q.—You were telling us, Mr. McNaught, that you had not seen Sir James in reference to the appointment of Thorne as arbitrator, or that it had been agreed to refer the matter; so far as you know up to the time of the award was Sir James acquainted at all with that fact?

A.—Not to my knowledge, no.

Q.—Coming back to the award itself, I see by the reference that you were to fix Maisonville's fee?

A.—Thorne's fee.

Q.—At least Thorne's fee.

THE CHAIRMAN: If he had the fixing of Maisonville's fee it would not be so large.

WITNESS: You mean the sentence.

MR. NESBITT: What occurred about that?

A.—You mean in the original arrangement?

Q.—No. That we have got the full details of. What steps did you ascertain about the fairness of the fee?

A.—Oh, a week or ten days after the agreement of reference, Mr. Thorne and Mr. Taylor called at my office one morning, and Mr. Thorne read over to me and explained to me the steps he had taken and the work he had done in connection with the award.

Q.—He was then come to get you to fix his fee?

A.—Yes. He told me what the award was and what the work had been. My recollection was that from 60 to 100 sheets of foolscap were all figured over, and he went over all the accounts and explained how he arrived at the different amounts.

Q.—Now, speaking of that, you have some knowledge of that type of business I believe?

A.—Well, I have been manufacturing about 40 years. I know something about manufacturing.

Q.—And you have a knowledge of accounting?

A.—Yes.

Q.—Did you form any judgment yourself as to the propriety of the award?

A.—Of course I could not tell as to that, the claim was so widely different. I mean the claim of Mr. Taylor was so widely different from the

Government's idea that I was absolutely in the dark; but I came to the conclusion from the explanation Mr. Thorne made that morning that he did a great deal of work; in fact I think any other accountant would have taken probably double the time to do it, because Mr. Thorne was conversant with the work, he having gone over it before when in the service of the Government.

Q.—What fee did he say he thought he should receive?

A.—After he had gone over the accounts and read the award to me I asked him with regard to the fee, what his idea of remuneration would be, and he first said, \$2,000, but later on I think he came to the conclusion or stated he thought probably \$1,500 would be probably a fair remuneration.

Q.—Did you allow that?

A.—I did not say anything at all to him at that time, but I saw Mr. Hanna afterwards to get his opinion as to what the fee should be, and after I got Mr. Hanna's view—

Q.—What was his view?

A.—He thought about \$500. After I got Mr. Hanna's view, anyway, I came to the conclusion that \$1,000 would be a fair remuneration, and that is the award I made in that respect.

Q.—That was your own independent judgment?

A.—My own judgment entirely.

Q.—Mr. Hanna apparently was still saving?

A.—Yes, I should say so. I thought his amount was rather low.

Q.—His department, I believe, paid \$500.

A.—Each was to pay one-half.

Q.—Did that include his prior work for the Government?

A.—I do not know anything about that.

Q.—Mr. Thorne said last night that at the time it was stipulated you were to fix the fee, and that should include all claims for his prior work?

A.—To prepare himself as a witness. I did not so understand it. I understood the award I made was simply for the work he did in the reference.

Q.—If, as he says, that was included in his opinion, perhaps he was right in claiming more than the thousand dollars you allowed him.

A.—I do not know what work he did before; I only know he was working.

Q.—You had to do with this in the way you have spoken of. You know nothing about the circumstances of the fiat?

A.—None whatever.

Q.—The charge here is that Hanna and Sir James Whitney entered into the agreement to refer the said claim to the award of the said Thorne corruptly. What do you say about that?

A.—Well, I do not know anything at all about it, but I do not believe it. That is all.

Q.—Did you see any indication that would throw any light on corruption in entering into the award?

A.—The indications as I could see them were the opposite.

Q.—What apparently was Mr. Hanna's attitude?

A.—Entire opposition to Mr. Taylor.

Q.—And you have told us that the suggestion that it should be referred to Thorne came from you entirely?

A.—Entirely from myself, yes.

Q.—Did Mr. Hanna or did he not appear to be wanting to shield himself from anything?

A.—Not to my knowledge.

Q.—Was any suggestion made at the meeting of that kind?

A.—None whatever.

Q.—None whatever either directly or indirectly?

A.—Neither directly or indirectly.

Q.—And you say Sir James had no knowledge of this method of settlement whatever so far as you know?

A.—Not so far as I know. I never spoke to him about it.

Q.—When so far as you know did he become aware of that?

A.—Well, so far as I know it was after the award was given. He called me up on the phone and asked me to come and see him in his office, which I did. He asked me about the award, what in my opinion it was. I told him I thought it was quite a satisfactory award as far as I could see, or probably a very fair one indeed.

Q.—Did you have any other communication with anyone about the matter?

A.—I do not know just what you mean, Mr. Nesbitt.

Q.—Did anyone communicate to you upon the subject matter of this investigation?

A.—Later on, yes.

Q.—Who?

A.—Mr. Maisonneville.

Q.—Who is he?

A.—Well, he was the Secretary to the Hon. Dr. Reaume, Minister of Public Works.

Q.—Yes.

A.—He called me up over the telephone and said he was in Windsor. I think the long distance telephone called me up at my house. It must have been last October if I remember right. He told me that he was preparing to make this matter public, and was going to give it to the Opposition and have it brought up on the floor of the House.

Q.—Make what matter public?

A.—This matter of the Taylor-Scott award which I was concerned in.

Q.—Yes. He said he did not want to do me any harm personally, but he had his knife in for Hanna.

THE CHAIRMAN: Is that the way he put it?

A.—Yes. He told me over the phone he had practically put up the job himself, and he would give Mr. Hanna, the double cross.

Q.—Are you using his own language or your own?

A.—His language as far as I can remember.

MR. NESBITT: What did you say?

A.—He said he would not give out the information that night because he had regard for my feelings or reputation. I told him that so far as I was concerned, my reputation was safe from any attack he might make, and that he could make it public as soon as he liked, that my connection with the affair was entirely a matter of business, in which I thought I had done a good thing for the Department and saved the country a considerable sum of money, and if he thought differently he could bring it up as soon as he liked. With regard to Mr. Hanna, I said I thought Mr. Hanna could take care of himself, that I did not think he was concerned. He wanted me to go to London to see the documents, which he said he had. I told him he had no documents I wanted to see or that would be of any interest to me in this case, but I knew all that transpired as far as my connection with it was concerned, and I was quite satisfied with it. I was quite satisfied there were no other documents behind what I knew about that would have any effect on the Government or that I wanted to see. I told him it was time to go. He asked me to think the matter over, and let him know later if I decided to go. He called me up later. In the meantime I saw Mr. Hanna and told him I had been telephoned to. I asked him what he thought about it. He said: "You tell Mr. Maisenville to make this matter public from Windsor to Montreal if he wants to, let him publish it on every lamp post and telegraph pole if he wants to. I have no concern whatever in it."

Q.—Well, did you hear from Maisenville again?

A.—I heard from him the second time. Then I told him in more emphatic language than the first time to go ahead and go to the Opposition as soon as he liked, and they could bring it up in the House, that so far as I was concerned I did not care, and that I did not think the Government or Mr. Hanna had anything to fear from the investigation, and that I thought Mr. Hanna was fair and honest, and that he could go ahead as soon as he liked.

Q.—Did you or did you not know that Mr. Hanna—you had been told that he had received \$500 for party purposes from Taylor?

A.—Yes, Mr. Taylor told me the first time I saw him in my office that he had paid Mr. Hanna \$500.

Q.—Did he ever tell you afterwards?

A.—Never, he never referred to it again at all.

Q.—What was Taylor's anxiety about getting this matter dealt with?

A.—The main reason he adduced was his health. As a matter of fact, as I told you in the first place, he was a very sick man. His great effort was to get a settlement and get away. He wanted it settled one way or the other.

Q.—He never referred to it but on the one occasion. Did you ever speak to Mr. Hanna as to whether he had received \$500?

A.—I did the first time I saw him in his own office. He said he had received \$500, but it was pressed on him.

Q.—Did he make any bones about the matter? Was he frank in admitting that he received \$500.

A.—Yes.

Q.—You had that in your mind when you told Mr. Maisenville he could go ahead, nobody cared about it?

A.—Yes.

Q.—Now, am I right therefore in summing up your evidence as far as the vital part is concerned as to the award, that from anything you saw or heard the appointment of Thorne and the making of the award was in no sense under any direct or indirect corrupt influence?

A.—Yes. The referring to the referee was entirely a matter of my suggesting, the suggestion of Mr. Thorne's name came entirely from myself, for reasons I gave before. The settlement of the award itself in my own opinion was absolutely a fair one.

Q.—Was there anything corrupt in you in doing it?

A.—I do not know what you mean by that.

Q.—Had you any corrupt motive?

A.—None whatever.

Q.—To shield or protect anybody?

A.—None whatever.

Q.—When you mentioned the question of the reference did Taylor have any name of his own that he wanted?

A.—He named one or two. I do not remember who the others were, but I do remember Mr. Cross being one, Mr. Cross of Clarkson & Cross.

Q.—He did not propose Thorne?

A.—No, he proposed the others.

Q.—Hanna did not propose Thorne?

A.—No, he did not.

THE CHAIRMAN: He said he proposed Thorne himself.

MR. NESBITT: I understand. I just want to make it quite clear.

Q.—And before Mr. Hanna would allow you to accept Thorne he said Taylor ought to know that Thorne had been preparing himself as a Government witness?

A.—Yes, he ought to know that.

Q.—That is all, I think, Mr. McNaught.

THE CHAIRMAN: Does any member of the Committee want to ask Mr. McNaught any questions?

All right, Mr. McNaught.

J. D. MONTGOMERY, recalled, examined by MR. NESBITT.

Q.—Mr. Montgomery, I omitted when you were in before to ask you one or two questions. I did ask you about it coming to your knowledge that Mr. Hanna was asking for a letter of apology from Taylor, and your expression of view to him that he would be, I think you said a damn fool to treat it too seriously. Did he say why he wanted a letter?

A.—He said that the charges made against him by Mr. Taylor were, except in regard to some contribution of \$500, absolutely false, and he said very emphatically—I do not want to use the language—that if the other charges

made against him by Mr. Taylor were true he would not be a fit person to associate with honest men.

Q.—That was when?

A.—That was his statement at that time, and that is the time when we were trying to negotiate an extension of the contract at the Central Prison.

Q.—And you said he was taking it altogether too seriously and he would be a damn fool to bother his head about it?

A.—I told him it was entirely outside of the matter in which I was concerned. I was only concerned in pressing this claim against his department.

Q.—Now, then, what was his attitude in reference to this claim? I would like you, if you can, just to express that in your own language.

A.—Well, I do not know that I could say any more than what I have already said, that his attitude seemed to be to save the money of the Department and to make the Taylor Scott Company abate their claim. He was niggardly, as I would say, in regard to what the—he was what the boys would call a tight wad in regard to the money department. He was trying to get the amount down as low as he could all the time, to get some means of settlement so the Government would not have to pay a large sum of money.

Q.—Do you know from going through the accounts what the record of the Department had been in reference to this type of work before?

A.—I know personally that to the contractors in the Central Prison it had always been a sink hole, every person who had been there had made a failure of it, and it is a matter of public knowledge. In regard to Taylor-Scott, when they took hold of it they made a success of it and paid the Government something over eighty thousand dollars in profits.

Q.—Profits to the Government?

A.—Profits to the Government.

Q.—And he seemed to be desirous, you say, of hanging on to the last dollar of that?

A.—I thought he was mean about it, that is all.

Q.—Then something was said—and this is in a sense professional in regard to a gentleman I have a very high respect for—some observation was made here about the Public Accounts, showing that Mr. Stewart was paid \$550, as though that were an extravagant sum. What do you say about that? You know the work done.

A.—I am surprised at his modesty. My fee was over \$800, and I was paid that cheerfully. Any person who says that \$550 was an excessive fee knows nothing about the work involved in a case of this nature.

Q.—Now, I would like you to explain that. The delay in getting to trial and all the rest of it has been talked about. Just set out what this type of case means. We have seen something of the mass of accounts, and it is said that at the final award it came to from sixty to one hundred pages of figures and so on. Tell us just how easy it is to get a case of that kind to trial.

A.—Or how difficult it is.

Q.—How easy.

A.—It involved the taking of practically all the accounts in connection with the Central Prison during that time; it involved the taking of Taylor Scott's accounts with the Prison during that time, during the whole life of the contract; and it involved the shifting of convicts from one Department of the

Central Prison to the other, the shifting of the convicts from the Central Prison to Guelph and back again, the discharged prisoners going out and prisoners being admitted again, the same prisoners being admitted again because those prisoners we claimed should come back in the woodworking shop again. Every-one of these prisoners had to be traced in and out.

THE CHAIRMAN: That is, repeaters?

A.—If you might say so.

MR. NESBITT: You tried to get them again so as not to re-educate them?

A.—We claimed we were entitled to the experienced men. Short term men who came in for two or three months were educated up to Taylor Scott's work, when they were discharged, which was not of much use to us, but if they came back in again, repeaters as the Chairman says, they were then seasoned men.

Q.—I should judge it was a case if the Minister wanted to favor anybody, either from party bias or fear, it was a matter that could have been readily settled.

A.—Very readily. At the same time Mr. Taylor charged that the Department was not treating him fairly along those lines in not giving him any reasonable satisfaction, either in regard to that or in regard to the power. I forgot about the power. Mr. Taylor charges that that was not fair in that the power that was developed from day to day had to be traced through the Department. We were contending that we were entitled to 150 horse-power over the line shaft. They stated that we were only entitled to 150 horse power at the boiler, which makes a great difference. Then we contended that their apparatus was defective and that the power at the boiler was not developed over their engine and on to the line shaft, and that was one of the very serious disputes.

Q.—Now, you have given us a very good mental photograph of the class of questions that were involved in the litigation, I ask you this: The allegation substantially is made here that \$500 was received, and it is admitted. It is said that that would lead Mr. Taylor to believe he would get exceptional treatment. Perhaps that is a fair inference. He made certain accusations, which he says were entirely from hearsay, as to other matters which are spread upon the record. Now throughout the whole of that was the conduct of the Minister in that Department such as would indicate to you in any degree that for any cause he was favoring Taylor?

A.—Quite the contrary. He seemed to be backing up against Taylor all the time. I may say right here that they seemed to have a natural antipathy to each other. You could not get them together without their going into the air.

Q.—And therefore are you able to tell us whether from your observation a charge that the fiat was obtained illegally, corruptly and improperly—that was obtained through you?

A.—I got that.

Q.—What do you say about that charge then?

A.—I had no communications with the Department in regard to that whatever, excepting what you have heard. I simply applied for the fiat in the ordinary course.

Q.—To the Attorney-General?

A.—To the Attorney-General.

Q.—Then what do you say as to the agreement to refer the claim to the award of Thorne?

A.—I know nothing whatever about the reference to Thorne, excepting that I knew that Mr. Thorne had been retained by the Government as their expert accountant to oppose us, and when the telephone message came from the Parliament Buildings that Mr. Thorne had been appointed I was astounded.

Q.—Now, will you say as to that whether you had been pressing Taylor, trying to get a reference of some sort?

A.—I told him it was absolutely essential that he should get a reference, because his nervous condition at that time was such that it was absolutely impossible for him to have gone to trial; and besides that, it would have meant a long legal battle, as I have told you, about the technical defence raised by Mr. Stewart. Mr. Stewart raised it quite properly, I would have done so if I had been in his place, but we would have been up against all that difficulty.

Q.—And you say that possibly might have been going on yet?

A.—Yes.

Q.—Mr. Montgomery, you were acquainted with the fact that Thorne subsequently took over the Taylor Scott business. Will you tell us about that.

A.—Mr. George C. Taylor was going out of the active management of this business, and he desired to dispose of it. He was turning it over to his son, and to Perry, his bookkeeper. His son subsequently dropped out of the negotiations and went into the steel business in Hamilton. That left Perry carrying on negotiations, and Perry was turning it over and negotiating with Lindsay to establish the factory at Lindsay.

Q.—That is the Town of Lindsay?

A.—Negotiations with the Town of Lindsay. Those negotiations fell down in January, 1912. Then Mr. Perry negotiated with other towns for the location of those works, and eventually he decided to go to Palmerston. Then in May, 1912, he induced Mr. Thorne to leave the wallpaper company here, Staunton's Wallpaper Company, and to join him, and they entered into partnership in May, 1912.

Q.—Was there any notion in any way at the time of his being concerned about this award, of his being ultimately connected with the purchase of that business?

A.—It was not thought of at all. It was not until the end of April or the beginning of May, 1912, that he came into the negotiations at all in any way.

THE CHAIRMAN: Does any Member of the Committee want to ask Mr. Montgomery anything?

That is all, Mr. Montgomery.

MR. NESBITT: I would like a subpoena for Mr. David Fasken, Mr. Chairman.

SIR JAMES P. WHITNEY, Sworn. Examined by Mr. Nesbitt:

Q.—You are the Premier of the Province, Sir James?

A.—Yes.

Q.—And have been since when?

A.—January, 1905.

Q.—And Mr. Hanna is your Provincial Secretary?

A.—Yes.

Q.—Perhaps you will tell us shortly what you know about this matter. I will see then if there is anything I want to ask you.

A.—I do not know very much about it, and perhaps for that reason I might say that what Mr. McNaught has said with reference to his seeing me is correct generally. With reference to this matter, it is two or three years ago, I believe, as far as I can judge from my knowledge of what has occurred, two years or more ago at any rate, that a man came to my office to see me, whom I did not know; that is, I mean to say I had not been acquainted with him, nor had his name come to my knowledge in any way. He wished to see me and introduced himself as Mr. Taylor, of the Scott, Taylor works, and he said he had a claim against the Government. I do not recollect now what the nature of the claim was, but I recollect his telling me about the claim. He had a claim against the Government, and apparently, as far as I recollect, he contended that he had been kept waiting to get this claim acknowledged, and that Mr. Hanna apparently was determined, or had made up his mind not to acknowledge the claim. He went over this in more or less detail, it was all news to me, and finally he said he was not being treated right; in fact, he claimed he was being treated the reverse of right or properly, and that he did not deserve such treatment. He then stated that he had given Mr. Hanna an election subscription of \$500, three or more years before, sometime previous, I do not know how long previous, but sometime previous to the general election of 1908. He was very earnest about his claim, and grew a little excited over it. Finally the belief came to me that being excited over what he claimed the injustice he was suffering, he began to say things that sounded very much like intimidation with reference to this \$500 sum. However, I gave him to understand that it would be useless for him to do anything in the way of intimidating me, if that was his object. I gave him to understand that.

Q.—You spoke in gentle fashion?

A.—I spoke in gentle fashion, as anybody will understand, but I do not think there was any doubt in the mind of my hearer as to what my meaning was. Then he went away. That is all that took place as far as I recollect.

I saw Mr. Hanna, who explained the matter. Mr. Hanna said, Yes, the man had given him this subscription, and Mr. Hanna spoke in a deprecating way of his having done it, knowing what the rule of the Government was; but I did not spend very much time over that with him, for the reason which I would like to give now. I did not give it to Mr. Hanna then; I would like to give it now. Knowing as I did then, and as I do to-day, the great value of the services of Mr. Hanna to myself, to all his colleagues, and to the people

of this Province, in my mind these services transcended in value and importance a thousand such little mistakes as he admitted he had made in this matter. That is my position to-day with reference to Mr. Hanna and this subscription that was given to him.

Now, I never saw Mr. Taylor again with reference to the transaction and to the claim.

Q.—I want to ask you this: Did you know that a fiat had been applied for?

A.—I was going to say that I heard it in some indefinite way. I cannot trace it at all, but I heard that Mr. Cartwright had recommended a fiat, on the ground that apparently the man had some ground of action, and I think I heard afterwards, that is after the litigation had commenced, that it was arranged that Mr. Thorne should act as a sort of arbitrator.

Q.—Did you hear that before or after his award?

A.—I cannot say. Really it was just as apt to be one time as the other, because I heard very little about the matter as it went on. I was practically unaware of what was being done.

Q.—Let me ask you this question. It is charged here, Sir James, that that fiat was obtained corruptly. The charge is, "I charge the said Hon. William J. Hanna and Sir James Pliny Whitney with illegally, corruptly and improperly causing the issue of said fiat." What do you say to that?

A.—The man who makes the charge knows it to be a falsehood, knew it before he made it, intending to put it before the Committee as a falsehood. However, in answer to your question let me say this. I never heard a word about the fiat, I never heard the word fiat mentioned in regard to this case until after the trouble arose. As far as I know, I am perfectly certain it was never referred to me—

Q.—Until after the trouble arose?

A.—I mean after I heard first, I think, about Maisonville's threats and things of that kind. But the question of the fiat never came before me at all.

Q.—Did you ever speak to the Attorney-General about it?

A.—Never.

Q.—Did you ever speak to the Deputy Attorney-General about it?

A.—I never spoke to a human being about it.

Q.—You never spoke to Mr. Hanna about it?

A.—Never in the world. I remember hearing, I cannot say from what source, that Mr. Cartwright had held that there was some ground, that is, that the man had some claim.

Q.—And that a fiat should be granted?

A.—And that a fiat should be granted.

Q.—So, not only is it false to say it was illegal, corrupt and improper, but you had nothing to do with it directly or indirectly?

A.—Directly or indirectly, or in any other way—if there is any other possible way.

Q.—Now, the next question is about entering into the agreement to refer the said claim to the award of the said Thorne. Had you anything to do with that?

A.—Nothing whatever.

Q.—Did you know of it in fact?

A.—No. I had no more to do with it than Mr. Proudfoot had, not one bit more, I had nothing to do with it whatever.

Q.—Then you would characterize that statement as what?

A.—Well, Mr. Nesbitt, I do not propose to repeat myself. I think perhaps the mind of everybody is pretty well made up as to this, and I do not know why I should waste invective on people of this kind.

Q.—Then you spoke of Maisonville. When did you hear about those threats?

A.—Oh, I cannot tell. All I know is that somebody told me that Maisonville, who had stolen a letter from his Minister and had been dismissed from the public service, was endeavoring to stir up some trouble about this matter, but I cannot say when or how I heard it.

Q.—Do you know what his spite against Mr. Hanna was?

A.—Of course, I do not know what his spite was, the grounds of it, but I suppose he was annoyed at Mr. Hanna because Mr. Hanna did not attempt to save him from the consequences of his theft. However, that is merely a guess of mine.

Q.—Now, I want to ask you this general question, Sir James Whitney. I think it is due to yourself and to the people of this Province. You did become aware that \$500 had been received by one of your Ministers for the party funds?

A.—Yes.

Q.—Apart from that, is there any speck or circumstance relating to Mr. Hanna that you have to complain of?

A.—Nothing whatever, and I am glad to have the opportunity of expressing myself with regard to him that I have this afternoon.

Q.—What do you say about the management of his department in the interests of the Province?

A.—Oh, well, I say it is exceptional. There are people, you know, who say that about every Department of this Government, but I do not want to go that far to-day.

Q.—You have been associated with him now for eight years. What do you say as to his devotion for the public service and as to his personal sacrifice in remaining in it?

Q.—I do not see how anything more can be desired than either of those qualities. I do not care to say so much perhaps in his presence, but I think there are probably few instances where a Cabinet Minister has conducted the affairs of his Department in such a remarkably successful way, having regard to actual results and to the appreciation of the public.

Q.—That is all, thank you, Sir James.

THE CHAIRMAN: Does any Member of the Committee want to cross-examine Sir James?

THE CHAIRMAN: Now, we have another witness summoned here, Mr. Stewart.

MR. NESBITT: I think they only want him for productions. I do not want to say that that is what Mr. Rowell said, in fact, but that is what I rather gathered.

THE CHAIRMAN: Yes, that is what I understood.

MR. NESBITT: I may say that Mr. Stewart informs me he handed the papers to Mr. Jones in the Department, and that is all he knows about the matter.

THE CHAIRMAN: Johns.

MR. NESBITT: Jones.

THE CHAIRMAN: What next?

MR. NESBITT: I want to call Mr. Fasken.

THE CHAIRMAN: Mr. Fasken has been summoned for to-morrow morning, Mr. Nesbitt.

MR. NESBITT: Then I can go on with Mr. Hanna.

W. J. HANNA, sworn. Examined by Mr. Nesbitt:

Q.—Mr. Hanna, you are a barrister?

A.—Yes.

Q.—And prior to your becoming Provincial Secretary for Ontario were in active practice in Sarnia?

A.—Yes.

Q.—And you became Provincial Secretary when?

A.—In February, 1905.

Q.—Your Department entered into a contract with the firm of Taylor, Scott and Company, which is here?

A.—Yes.

Q.—That was in what time of the year?

A.—I think the contract was concluded in July, 1905, but work began under it on the 1st of September, 1905.

Q.—Did you know Mr. Taylor before?

A.—No, I had not met him until he was introduced to me, I think, by Mr. St. John, the late Speaker, in connection with the contract. That is my first recollection of him.

Q.—What part did you take in the negotiations?

A.—The details would be worked out by Thorne, and from time to time as progress was made between him and Taylor in the negotiations he would report and discuss with me different points as they came up.

Q.—It was said that you brought Mr. Thorne here. Where did you find him?

A.—Mr. Thorne came into the Department in this way. Mr. Frank A. Peavey, of the Port Huron Engine & Thresher Works, had an office equipment and organization what was said to be the very best, and he had installed it

himself, and was himself very thorough in the work. I asked him if he could recommend me a good man. I tried first here, in the City, to find a man who would undertake the work, but the men who would undertake it here, were being paid altogether beyond what we were prepared to pay; that is, the chartered accountants and the men who were regarded here as competent were getting far beyond what we had provided to pay. Mr. Peavey recommended Mr. Thorne as an understudy of his, a man who had been with him some years and whom he recommended very highly, and on Mr. Peavey's recommendation Mr. Thorne was asked to assume the work, which he did.

Q.—And after discussion with him you put him in charge of the accounting?

A.—In charge of the whole system covering the public institutions and the accounting generally of the Prisons and Assignments Branch of my Department.

Q.—How extensive is that? I would like to get just a momentary view of what that means.

A.—I have not had that checked up, but in the buildings here, that branch of the Department alone must mean upwards of forty—that is in the buildings, but outside there are nine or ten different institutions.

Q.—What are they?

A.—The different asylums of the Province.

Q.—Where are they?

A.—London, Woodstock, Hamilton, Orillia, Penetang, Toronto, Cobourg, Kingston, Brockville—those are the asylums.

Q.—Yes. And the Prisons?

A.—Mimico as well.

THE CHAIRMAN: Orillia and Woodstock?

A.—Yes. The prisons of course, would be the Central Prison and the Mercer.

MR. NESBITT: Well now, he was put in charge of the accounting?

A.—Yes, including the receipts and proper vouchers, and unifying the system in connection with these institutions.

Q.—Now, just what does that mean? Is that to get at the cost of the system and to see where the leakages are?

A.—Yes. Behind that again he installed what would correspond with the cost price methods in a manufacturing institution, and we have followed that since.

Q.—And I believe with very great economy?

A.—Great economy I think, certainly with great satisfaction, because we know.

Q.—Now, the first allegation that is made in this matter is that in 1907 and 1908 there were disputes raging between the Department and Taylor, Scott & Company. What do you say about that?

A.—It would not be fair to call them disputes. In the early part of that contract, that is covering down it may be to about that period or a bit later, there were matters of difference for adjustment, differences for discussion. The extent to which those differences were accumulating would not be present

to my mind from time to time at all. Up to that time I think I can fairly say that there was no thought, certainly to my knowledge, of a contest likely to arise out of that contract to be a matter of adjustment or accounting, although with the papers we have here it does appear that those differences were accumulating.

Q.—And they ultimately ended in 1911, in a formal claim being made for a large amount?

A.—Yes. I might say this, that the letters—and that may have some bearing—that the letters addressed to me on a subject that was in the hands of the Inspector, in the hands of Thorne, or in the hands of any head of a Department in the course of business that I would refer to such a man in any case, my Secretary would invariably send such letters direct to the officer or employee in charge.

Q.—Without coming to you?

A.—Without coming to me; and while such letters would go along, in matters of greater importance no doubt the person in charge would drop in and see me about it and discuss it, but personally I was not following that contract in that sense at all.

Q.—The reason I am glad you mentioned that is that Mr. Dewart made an observation this morning that a letter addressed to you it was to be assumed you would necessarily see.

A.—That does not follow at all. In fact I think I can fairly say that one-half of the letters addressed to me I do not see. If for attention in the Department they would go to the person in charge.

Q.—There was apparently somewhere about that time a change made from three to four cents?

A.—Yes.

Q.—Will you explain what that was, whether that was a dispute or what it was?

A.—There were certain things that were up constantly for adjustment on one side and against adjustment on the other. That is, the classification of prisoners my recollection is, had some bearing on that adjustment, and after that had come up repeatedly it was suggested—I do not know who suggested it—but it was suggested that the satisfactory way of adjusting that would be for Taylor to give four cents an hour, and these other items, whatever they were, something in the way of mill supplies and one thing and another, that we on the other hand should provide those. I am speaking now from recollection of a matter many years back.

Q.—I mean was that a matter of what might be termed dispute?

A.—Oh, no. It was arrived at as a fair way that would eliminate troubles on both sides of the account.

Q.—Who would do that?

A.—I expect that I would authorize that. I am sure I would.

Q.—But I mean you would authorize it after it came to you by one of your officials?

A.—Yes.

Q.—You were in the room this morning I presume when, as representing you as counsel, I admitted that you had received \$500 from Taylor?

A.—Yes, for election purposes.

Q.—Yes for election purposes, for the general fund.

A.—Yes, the general fund, that is what I mean. I might say here too, that—

Q.—Will you just explain, because there may be a great deal of that talk, the Committee will know. What moneys are required for election times?

A.—Well, there is literature to be prepared, there are lists to be made out. There is never a general election I suppose in the Province for any purpose but what has called for some money being spent,—spent in a way which no one will object to.

Q.—I mean does that at all involve the notion of a corrupt purpose, for buying votes?

A.—Absolutely no.

Q.—I do not know whether I am correct or not,—I have not always been here during the elections; in fact I do not think I have been here at the last two general elections, for in 1908 I was in Japan and in 1911 in London—has there ever been a charge made by your opponents of bribery in your two or three general elections? Have you ever had any charge of that kind made?

A.—There has never been a witness in the box to this day on an election trial who has made a charge of that kind so far as I know. I am speaking now from recollection, and I think I am right. In the elections of 1911, there were some protests filed as a matter of standoff, but there has never been a charge made to this date so far as I know.

Q.—Of the bribing of voters or the corrupt use of money?

A.—Yes.

Q.—The \$500 went to the proper expenses that you speak of?

A.—Unquestionably.

Q.—There is not even here a suggestion?

A.—No, no one has suggested otherwise to this moment.

Q.—Now then, did you ever hear anything more about that for how long?

A.—It would be four years.

Q.—Four years after?

A.—Three years, or nearly three years.

Q.—I believe disputes did arise between your Department and Taylor as to his account?

A.—Yes.

Q.—You have told us that Taylor then came to see you?

A.—Yes.

Q.—And I believe he made certain threats?

A.—Yes.

Q.—That are set out here correctly, are they?

A.—Yes, he made such threats as are there.

Q.—Had he spoken to you on the subject of the \$500 at any time prior to that?

A.—Never—never—never.

MR. NESBITT: You have ruled, I believe, Mr. Chairman, that I cannot ask him as to the truth of any of these accusations, the other ones as to the coal tenders and so on?

THE CHAIRMAN: I think we have nothing to do with that at all.

WITNESS: I could say in a word—

THE CHAIRMAN: Wait, Mr. Hanna, now. We discussed that at great length, and I think you ought to respect the ruling of the Chair in the matter.

WITNESS: Well, I have asked the Chairman personally, and even now the short way is to say this—

(The statement then made by Mr. Hanna in reference to the coal tenders and underfeed stoker tenders was ordered by the Chairman to be stricken out of the record altogether.)

THE CHAIRMAN: Is there any other evidence you want to get from Mr. Hanna?

MR. NESBITT: Yes. If that is stricken out, I want to get a great deal of evidence.

Q.—There is no dispute that these accusations were made to you at that interview by Mr. Taylor, and I will pass over that and observe the ruling strictly, that that being admitted there is an end of that conversation. It is then said that a fiat was obtained?

A.—Yes.

Q.—Had you anything to do with the granting of that fiat?

A.—Nothing whatever.

Q.—Did you see Mr. Cartwright at all?

A.—No.

Q.—Did you see Mr. Foy?

A.—I did not.

Q.—Did you see the Prime Minister?

A.—I did not.

Q.—Had you anything directly or indirectly to do with the granting of that fiat?

A.—I had not.

Q.—It is said that an understanding was arrived at, the House then being in Session, that the fiat should not be used for three months. Do you know anything about that?

A.—I knew that after it was done and knew the reasons for it.

Q.—Yes.

A.—The reasons were as Mr. Montgomery put it, that it would take months to go into the case and get it at all in shape.

Q.—Had you anything to do with that?

A.—Nothing.

Q.—It is said that during the negotiations for a settlement there was a proposal made that he would drop all his money claims if you would give him an extension. What about that?

A.—Yes, that was discussed in June as the outcome of a letter written by Mr. Montgomery. I do not know to whom it was addressed. It was not

addressed to me, but my recollection is it was to the Attorney-General, because it was now in litigation and not between my Department and Taylor Scott.

Q.—It is said in connection with that, that you demanded a letter of apology or retraction. What about that?

A.—Yes. I said I did not want to be in the position of negotiating with Taylor without his withdrawing his insulting language to me of months before, that is as we went on.

Q.—You did not desire to negotiate even with the man?

A.—That was at any rate my position. I did not want to be in that position. Mr. Montgomery, I think, puts that fairly correctly; that is, his memory is the same as mine in that.

Q.—He said “You are a damn fool, you need not bother your head about it”?

A.—Yes.

Q.—Had that any corrupt intent?

A.—None whatever.

Q.—Something was said that you said something about that if the \$500 came out you would probably resign, or something of that sort.

A.—No. I may have put it this way. I said that as to the \$500 there was never a time when I denied that at all, never; but as to the other charges, I said that I would not be fit company for honest men, if I had been pilfering in my Department. I may have used the word “resign,” but I do not recall it.

Q.—If such allegations were true of pilfering in your Department, you were not fit to look an honest man in the face?

A.—Yes; and that was with reference to the coal and the charges that are there on the coal and underfed stokers.

THE CHAIRMAN: Did he say about resigning, that he ought to resign?

MR. NESBITT: No. He said he may have said that if such a thing were true he ought to resign.

THE CHAIRMAN: Yes.

MR. NESBITT: Now, it is said there was great delay in the prosecution or adjustment of the account. Had that anything to do with this later question?

A.—No.

Q.—Nothing whatever?

A.—No.

Q.—Now, will you tell us how the matter came to be referred to Thorne?

A.—Mr. McNaught, on my return to the City, here, called me up or stepped into the office, I do not know which, and told me what had taken place before. He has told it himself here in the box to-day. He told me what had taken place a few days before between him and Taylor. Taylor had called to see him in great excitement and ill-health, and he urged or said that it was a very proper case for reference, and that a Judge getting into it there would be no end to it, but that an accountant who understood these things, or someone who would put time and work on it would be the better way to dispose of the case.

Q.—Who suggested Thorne?

A.—Mr. McNaught; that is, his name was probably mentioned that day; I do not recall that. I do recall what happened in my office, that is, when Taylor, Mr. McNaught, Thorne and I were there; that is the day it was in fact referred to. The advisability of referring was discussed. I expressed myself as ready to refer it, and I think I mentioned three arbitrators. We reached the point where both were prepared to refer. Taylor named Clarkson & Cross, or one of them, as his referee, to leave it to him. I mentioned Thorne, at the same time following that up before it was concluded that Thorne had been in the employ of the Department for probably two or three weeks in connection with that work, preparing the case for trial. I told Taylor that he ought to know that, of course. Taylor said that he would accept Thorne, but he would like to have Mr. McNaught with him. I think I said I would like to have Mr. McNaught, but Mr. McNaught said that he could not give the time to it that he would care to, and so Thorne was agreed on.

Q.—There is a memo there, that McNaught is to fix his fee.

A.—Yes, that was part of the arrangement.

Q.—He did ultimately fix his fee?

A.—Yes.

Q.—You said you thought \$500 a proper fee, and he fixed it at \$1,000?

A.—Yes.

Q.—The other side were claiming \$1,500, I think?

A.—Yes. Mr. Thorne in the course of that meeting gave me an assurance, or said in a way that I must have heard, and Mr. McNaught must have heard, that if he were referee in disposing of this case he would see to it that all these personal matters would disappear and be not heard of again. Thorne is entirely mistaken as to that. No such statement was made there.

Q.—That you heard?

A.—That I heard.

Q.—And Mr. McNaught has said the same?

A.—Yes.

Q.—Had the reference to Thorne and the dealing with the case in that way, had the trouble with Taylor, in the sense of his personal grievance against you for not yielding to the fact that he had given you \$500, and the threats in reference to stokers and so on, that he said he would expose—had that anything to do with the reference?

A.—Nothing whatever—nothing whatever.

Q.—What was your sole desire throughout the whole matter?

A.—To do what any solicitor would for that matter in charge of a case, or to do what every man would do in regard to his own matter. That is, here was a claim that I thought extravagant, I thought it altogether extravagant. From any attention I had given to the case I knew there was a substantial claim. I mean by that, I knew there was a claim that would get into the five figures. I felt that, but did not pretend to be able to fix it, of course.

Q.—Well, were you allowing—

A.—I was doing the best I could for the Department.

Q.—That is what I mean. Were you allowing any personal bias to affect your judgment, good, bad or indifferent?

A.—No, I was not.

Q.—I suppose, as the event has been proved, the effect of it being stated, you never denied at all that you did get the \$500?

A.—Never.

Q.—But I suppose that that treated with a brass band in the newspapers was a very—

A.—Was not good politics.

Q.—Not only not good politics, but I suppose it has been a matter of very great personal concern?

A.—Certainly.

Q.—Now then, the award itself. It is charged that you and Sir James Whitney illegally, corruptly and improperly agreed to that reference. What do you say to that?

A.—We did not—I did not. No one would suggest that to-day of Sir James Whitney.

Q.—And that the settlement was made for the same reason.

A.—Untrue.

Q.—When did you hear of these charges of this payment of \$500 and so on?

A.—The first time was early in 1912. My telephone rang up one Sunday evening, and at the other end of the telephone was a man, who turned out to be Mr. Maisonneville. He said that he had a letter and photographs or documents that concerned me, and that he was going to make it impossible for me to stay in public life, and for me to either come myself or send to Windsor someone for me who could go over these documents, and I would then know how important his message was. I told him then without further remark that he had no document whatever in which I was concerned, and that if its publication was what he had in mind he might publish it. Later on, I know it was at the London Assizes of the Spring of 1912, on a Sunday evening, again, when I was at the Tecumseh—

THE CHAIRMAN: What did he say, Mr. Hanna? Did he say what his object was?

A.—To put me out of public life the first time. Then when he came later he used other language. At London he called me up and said, "Here, I have waited long enough to have you, or someone representing you, see those documents. I am going to publish those documents to-morrow." He used the term "I am going to give you the double cross. You did me on one occasion"—referring to the time that I ill-treated him on one occasion, that I did not stand by him when I could have, and he repeated the threat of sometime before, he said he would put me out of public life, if it took him the rest of his life to do it. I told him in language then, that I need not repeat here, but I think everyone will appreciate it, that he could do what he liked, and I hung up the 'phone. Yes, I told him then practically what Mr. McNaught told him, that anything he had that affected me he could publish on every signboard—I used the identical words—on every signboard from Windsor to Montreal, and to go ahead and do it, but that I was not going to be blackmailed by him or anyone else.

MR. NESBITT: Is that the last of him?

A.—No. That was the last with him direct; but two men prominent in the life of Western Ontario he has gone to with those documents. He has been ordered out of their house and has been told by them that those documents would some day put him behind the bars. That I have got only from the men themselves. But at regular intervals, apparently with the thought of worrying the heart out of me, this thing is spread out, and of course, with the anxiety that one friend has for another it soon reaches me. I have no right to complain; I suppose he is right.

Q.—That I think is all, Mr. Hanna.

THE CHAIRMAN: Does any Member of the Committee desire to ask Mr. Hanna anything before he leaves?

J. J. FOY, sworn. Examined by MR. NESBITT:

Q.—Mr. Foy, you are Attorney-General of the Province of Ontario?

A.—Yes.

Q.—And it is needless to ask therefore if you are a barrister?

A.—I am a barrister.

Q.—You have been Attorney-General since the accession to power of the Whitney Government?

A.—Except for three months when I was Commissioner of Crown Lands.

Q.—I just want to ask you this. You know a fiat was granted in this matter?

A.—Yes.

Q.—Well, what do you know about it?

A.—I just know from the file that was produced here the other day. Mr. Cartwright sent in his report to me which was produced by him.

Q.—What followed from that necessarily?

A.—I initialled it and initialled his memorandum, which meant that it was to go through.

Q.—If Mr. Cartwright recommends a fiat is it your universal practice to just send it on through?

A.—I think so. I think I have never reversed him on his judgment.

Q.—Did you know anything about the matter?

A.—Not at all. It came to me in the ordinary way without any preliminaries or any previous knowledge.

Q.—Did Mr. Hanna see you at all at any time about it?

A.—No.

Q.—Did he ever speak to you about it?

A.—No.

Q.—Did Sir James Whitney?

A.—No.

Q.—Then how would you characterize the statement that that fiat had been procured by these gentlemen—because you are responsible for issuing it?

A.—Yes.

Q.—How would you characterize the statement that that fiat was procured illegally, corruptly and unlawfully by these gentlemen.

A.—An utterly false if not malicious statement.

Q.—Did you hear anything about this matter at all?

A.—Not that I can recollect until the papers were put before me by Mr. Cartwright.

Q.—No. I mean about the \$500 and so on.

A.—No, not until recently, until quite recently.

Q.—That is all, thank you, Mr. Foy.

MR. NESBITT: Have you got Mr. Fasken?

THE CHAIRMAN: Mr. Fasken is subpœnaed for to-morrow morning.

Is there any other evidence to be adduced or any other witnesses to be called?

I take it we will have a session to-morrow morning, gentlemen. I was going to suggest, I think it is only fair to Mr. Proudfoot, that Mr. Proudfoot be summoned here and be given an opportunity to afford whatever information he can to the Committee as to his knowledge of the matter upon which these charges are based. If you endorse that suggestion I will see that Mr. Proudfoot has a summons to appear before the Committee to-morrow morning. ("Carried")

Now, are there any other witnesses that we desire to hear, or is there any other branch of the matter that you think should be further dealt with?

Have you anything else, Mr. Nesbitt?

MR. NESBITT: No, I have not, except Mr. Fasken.

THE CHAIRMAN: Can any gentleman on the Committee suggest any feature of the matter that has not been dealt with and should be looked into by the Committee? If so we will see that the witnesses and the papers, whatever they are, shall be brought here to-morrow morning.

If not, then gentlemen we will adjourn until ten-thirty to-morrow morning to take up the matter of further evidence.

(At 4 p.m. April 30th, 1913, adjourned accordingly).

BEFORE THE COMMITTEE ON PRIVILEGES AND ELECTIONS.

Parliament Buildings, Toronto,

Thursday, 1st May, 1913, 10.30 a.m.

Present:—Mr. G. Howard Ferguson (Grenville), Chairman; Messieurs: Bowman, Eilber, Grant, Lennox, Marshall, Morel, McCrea, McKeown, Neely, Preston (Durham), Racine, Whitesides, Devitt, Galna, Jamieson, Macdiarmid, Mathieu, Munro, McGarry, McQueen, Norman, Preston (Lanark), Shillington.

Counsel:—Mr. Nesbitt, K.C., and Mr. W. N. Ferguson, for the Honorable Sir James Whitney and the Honorable Mr. Hanna.

THE CHAIRMAN: Order, gentlemen.

(Roll called.)

The Committee summoned a couple of witnesses. The first is Mr. David Fasken. Is he here?

DAVID FASKEN, SWORN. Examined by MR. NESBITT.

Q.—Mr. Fasken, you are a practising barrister and solicitor in the City?

A.—Yes.

Q.—Of how many years standing?

A.—Oh, about 25 or 30.

Q.—And I believe that you are the Senior Member of the firm known as, what?

A.—Beatty, Blackstock, Fasken, Cowan and Chadwick.

Q.—Is that Mr. Mahlon Cowan?

A.—Yes.

Q.—Your politics I believe are liberal? If you have any.

THE CHAIRMAN: You do not suggest that he is ashamed of them?

WITNESS: I don't think that is in issue here.

MR. NESBITT: You were solicitors for the firm of Staunton & Co.?

A.—Have been for many years.

Q.—Did Mr. Thorne consult you about the award between the Taylor, Scott Company and the Government?

A.—Yes.

Q.—You had no relation on connection directly or indirectly with either the Government or Taylor, Scott and Company?

A.—None whatever. Never either saw or had any communication with them in any matter or form. Purely acting for Mr. Thorne in the preparation of the award and discussing some matters with him that he wanted to be advised upon.

Q.—Mr. Thorne came to you because of your relations with Staunton & Co.

A.—What he said to me was that he was looking around for a solicitor independent of both parties and that as he was employed by the Stauntons he asked them to whom he should go, and he telephoned me and came down.

Q.—Now, did you go into the matter with him?

A.—Yes.

Q.—Will you just tell us to what extent? What was it he wanted advice about?

A.—Well, my recollection is not very accurate on that, but I remember him having considerable trouble to make up his mind just what should be allowed in a case like that, of damages, whether some of them would not be too remote, whether what happened was a proper sequence for damages and that sort of thing.

A.—A proper measure of damages?

A.—Yes.

Q.—That is the rule to follow in calculating the damages.

A.—Yes.

Q.—Whether to allow them. Did you discuss them item by item with him?

A.—There were two or three items we discussed pretty fully. The question of power was one matter that I remember.

Q.—Had he apparently given the matter a good deal of care?

A.—Well, he had with him a bunch of papers I should say about that high.

Q.—An inch and a half thick?

A.—I should say about that high, and they seemed to be all figures in lead pencil that he had been figuring out pretty carefully, as I thought. I was satisfied he was going very carefully into the matter, because he seemed to be in quite a bit of trouble that he was not going to satisfy either side.

Q.—And he wanted to make his award?

A.—He wanted to be sure that he could back it up and have reasons for backing up an award that he was going to make.

Q.—That he was sound on both the law and fact?

A.—On law and fact, yes.

Q.—And did you give him the best advice that you were capable of?

A.—I gave him all that I was capable of.

Q.—And knowing as we all do, we can assume that he had the best advice the Province could give him. And the award was drawn up by you?

A.—Yes.

Q.—That is all, thank you, Mr. Fasken.

THE CHAIRMAN: Does any Member of the Committee desire to ask Mr. Fasken anything?

Very well, Mr. Fasken, thank you.

MR. NESBITT: That is all that I have, Mr. Chairman.

THE CHAIRMAN: On the direction of the Committee last night I thought it was only fair that Mr. Proudfoot should have an opportunity of telling what he knows about the charges made in the House, for the benefit of the Committee. In accordance with your direction a summons was issued and I presume Mr. Proudfoot is here?

MR. PROUDFOOT: What is desired of me, Mr. Chairman?

THE CHAIRMAN: The Committee desire to hear your evidence.

MR. PROUDFOOT: I understood you to say that you wanted me to make some statement.

THE CHAIRMAN: No, the Committee have asked you to come here as a witness. If you will take this book and be sworn.

MR. PROUDFOOT: No, I decline.

THE CHAIRMAN: And the Committee or some Member may desire to ask you something.

MR. PROUDFOOT: I decline.

THE CHAIRMAN: Do I understand from that, Mr. Proudfoot—

MR. PROUDFOOT: I just want to make a statement, Mr. Chairman.

THE CHAIRMAN: Pardon me a moment. You have been summoned here as a witness, to give the Committee the facts and the evidence that you may give to assist us in coming to a proper conclusion with reference to the charges that you made on the floor of the House and with which we are assembled here to deal. I need not tell you that the Committee have the conduct of the proceedings and they must proceed regularly, and for that reason I summoned you here and we expect you to give us the benefit of your evidence in the matter. It is not an occasion for an address to the Committee.

MR. PROUDFOOT: I am not going to make an address to the Committee, but I want to make a statement. I wish to state that I withdrew from this Committee yesterday and accompanied that withdrawal with a statement that the matters in question were first—

THE CHAIRMAN: Pardon me, wait a moment.

MR. PROUDFOOT: Were first brought up by me before——

THE CHAIRMAN: A moment, please. The ordinary procedure with a witness is, you know, that the witness appears here to give evidence; he is put under oath and he is examined by any member of the Committee who desires to examine him. You know that just as well as I do and I expect that you will submit to the direction of the Committee in that respect. Do I understand that you will?

MR. PROUDFOOT: No.

MR. LENNOX: Tender the oath, Mr. Chairman.

MR. PROUDFOOT: I am just going to make a statement.

THE CHAIRMAN: Wait, Mr. Proudfoot. I expect you to pay sufficient respect to the Chair to observe the ruling that I will have to make if you persist in contravening all the rules of order and evidence. You understand the responsibilities you assume?

MR. PROUDFOOT: Yes, and I got no opportunity to prove what I asserted.

THE CHAIRMAN: We will get along better if you will permit me to get through. You understand perfectly, I say, the responsibility you assume? It is a serious one.

MR. PROUDFOOT: I don't want any lecture from you, Mr. Chairman, as to my responsibility, and what responsibility I take.

THE CHAIRMAN: I do not purpose giving you any lecture.

MR. PROUDFOOT: That is what you are trying to do.

THE CHAIRMAN: Not a bit of it.

MR. PROUDFOOT: Yes, you are, and you know you are.

THE CHAIRMAN: I do not assume to do anything of the kind.

MR. PROUDFOOT: Well, I think you are.

THE CHAIRMAN: I am simply putting it to you, do you propose to disobey the summons of this Committee to appear here and their direction that you shall give evidence before them? Then it is a matter for the Committee to consider what further steps they shall take under the ordinary procedure to require and enforce the giving of evidence here. For that reason I want you to make it clear to the Committee what your position is.

MR. PROUDFOOT: I will make my position clear in a few words.

MR. HARTT: Why does the witness object to take the oath in the ordinary way the same as any other witness?

A MEMBER: If he has no evidence to give, he cannot give it.

THE CHAIRMAN: Do you take the position that you will not be sworn as a witness? If so, there can be no object in your making any further statement here than you did yesterday, and I do not purpose that this Committee shall be turned into a speech-making assembly again. Do you take the position that you refuse?

MR. PROUDFOOT: That was your own fault.

THE CHAIRMAN: Do you take the position that you refuse to give what evidence you can, if you have any, before the Committee, the same as other witnesses? I cannot permit you to read any statement or make any address.

MR. PROUDFOOT: I want to make a statement, Mr. Chairman.

THE CHAIRMAN: Well, I do not propose to allow you to make a statement.

MR. PROUDFOOT: I want to show my reasons, and I want to give my reasons now.

THE CHAIRMAN: You gave them yesterday.

MR. PROUDFOOT: No.

THE CHAIRMAN: Subject to the approval of the Committee, I say you are not here to make a statement or address to this Committee, and it shall not go upon the Record of the proceedings of the Committee.

MR. LENNOX: Mr. Chairman, so that there will be no mistake about it, I think you should offer him the Bible and tender him the oath and see if he refuses. Then we know what to do.

THE CHAIRMAN: Do you refuse to take the oath and be sworn as a witness?

MR. PROUDFOOT: I want to make the statement that all productions required were not forthcoming on the day promised—

(MEMBERS): Order, order.

THE CHAIRMAN: This is not to go upon the record, Mr. Reporter.

MR. PROUDFOOT: (Continues reading).

THE CHAIRMAN: I appeal to you as a member of the House and as a gentleman to conduct yourself in a gentlemanly manner.

MR. PROUDFOOT: I wish to make my statement.

THE CHAIRMAN: Answer me this question. Do you refuse to take the oath?

MR. PROUDFOOT: I am not going to answer you any questions.

THE CHAIRMAN: Do you refuse to take the oath?

MR. PROUDFOOT: I am not going to answer you any questions.

THE CHAIRMAN: It seems to me that is a peurile way to answer.

MR. HARTT: The witness comes in and absolutely refuses to obey the orders of the Committee.

MR. PROUDFOOT: I do not intend to let the matter drop here. I intend to bring it up in the House, where we will get some manner of justice.

MR. MCGARRY: I beg leave to move that because of the fact that Mr. Proudfoot refuses to be sworn, this Committee refuse to hear any statement from him. The reason I make this motion is that Mr. Proudfoot yesterday very dramatically told us he was withdrawing altogether from this inquiry. He comes here now not as the maker of the charges, he comes here now as a witness with no other authority or status before this Committee.

MR. PROUDFOOT: I came here because I was served with a summons to come here.

MR. MCGARRY: You are here because you were summoned as a witness and not as a member to make a statement to this Committee for the benefit of the newspapers. I move that this Committee refuse to hear any statement, and any honourable man will surely have enough gentlemanliness about him to be silent until the motion is put.

MR. PROUDFOOT: I will treat this Committee in the manner that we have been treated before.

THE CHAIRMAN: It has been moved by Mr. McGarry: In view of the fact that Mr. Proudfoot refuses to be sworn as a witness and give his evidence in the ordinary way, that no statement from him be heard.

MEMBERS: Carried.

THE CHAIRMAN: Does anybody second this?

Seconded by Mr. McCrea.

THE CHAIRMAN: Gentlemen, you have heard the Resolution; are you ready for the question? All those in favor say aye. (Members: Aye.) Those opposed. (Members: No.) The ayes have it. Does anybody want it recorded? (Members: Yes.) Then call the roll.

MR. PROUDFOOT: Then I suppose, Mr. Chairman, you do not intend to hear any statement that I have to make?

THE CHAIRMAN: After we have heard the vote we will know.

(Ayes: Armstrong, Devitt, Eilber, Galna, Grant, Hartt, Jamieson, Lennox, Macdiarmid, Mathieu, Morel, McCrea, McGarry, McKeown, Neely, Norman, Preston (Durham), Preston (Lanark), Shillington, Whitesides.)
(Nay: Bowman, Marshall, Munro, McQueen, Racine.)

THE CHAIRMAN: The motion carries; so that, Mr. Proudfoot, the resolution is that you be not permitted to make any statement here. I think the Committee are quite right. This is not the place to make an address.

MR. PROUDFOOT: I did not want to make an address, Mr. Chairman. I simply wanted to make a statement.

THE CHAIRMAN: You made a statement yesterday; we will not argue about it at all, the incident is closed.

MR. PROUDFOOT: I told you yesterday that so far as this Committee was concerned the matter was closed; but so far as I was concerned, that I was going to bring the matter up in the House.

THE CHAIRMAN: Will you please observe the ruling of the Chair?

MR. PROUDFOOT: You go on making statements and lectures to me and I am not going to be a butt for them without answering them.

THE CHAIRMAN: You have your opportunity in the proper form to make an address.

MR. PROUDFOOT: I know that this is not a proper form.

THE CHAIRMAN: What other business is there to be done? Are there any other witnesses?

MR. NESBITT: I have no other, and with your permission, Mr. Chairman—

THE CHAIRMAN: Just a moment, Mr. Nesbitt. Is there any member of the Committee that desires any further evidence on any phase or feature of this matter? Before we close I want to give the fullest possible opportunity, the inquiry shall be thorough, so that there can be no complaint afterwards that there was anything omitted. If any gentleman of the Committee has any sug-

gestion to make along that line we will be glad to deal with it. Very well, Mr. Nesbitt, apparently there is nothing. Please make it brief, because we understand pretty well.

MR. NESBITT: I desire on behalf of Sir James Whitney and Mr. Hanna to shortly recapitulate the circumstances of this case.

The statement upon which the charges were founded was that a subscription of \$500 was given by Mr. Taylor, and was received by Mr. Hanna from Mr. Taylor, in November, 1907; that there was a general election for the Provincial Legislature in June of 1908; that in 1911 certain claims by Taylor were preferred against the Government and were not acceded to by Mr. Hanna; that Mr. Taylor then had an interview with Mr. Hanna, and during the course of that interview stated that he had reason to expect better terms than he was receiving, that he had contributed \$500 towards the Party funds, and he proceeded to state that he would make that public and he would also make public matters which he now says were not within his personal knowledge at all, but that a coal tender or coal tenders had been manipulated, and that the conduct of Mr. Hanna in reference to underfeed stokers was irregular, and he left the room.

After that it is stated a fiat was granted at the instance of Sir James Whitney and Mr. Hanna as part of a scheme to have the litigation consequent upon that referred to a friendly arbitrator, who should give an award satisfactory to Mr. Taylor; and that both the obtaining of the fiat, the granting of the reference, and the award that followed were improperly, illegally and corruptly granted by Sir James Whitney and Mr. Hanna in furtherance of that scheme. In other words, that that was a mere method adopted to deliver the goods to a friendly contractor or a threatening contractor, and to betray the interests of the Province which had been committed to their care.

That is the statement, followed by two specific charges which have been gone over more than once here, namely that the granting of the fiat was corruptly done, that the making of the reference was corruptly done, and the award that followed it was part of the corruption, and was a corrupt award.

The prosecution called the Deputy Attorney-General, Mr. Cartwright, a man of unblemished reputation, of Liberal affiliations with men who have been in the very van of the political battles in this country for the Liberal Party, and who was the chosen nominee of Sir Oliver Mowat for the position he now occupies, was retained in office by Mr. Hardy and Mr. Ross, and afterwards by Sir James Whitney. He was examined in the most careful and searching way by counsel for the prosecutor, and the result of his evidence was that he, and he alone, was responsible for the issue of the fiat which after his imprimatur had been stamped upon the papers, followed as a mere piece of automatic machinery; and that any statement that he had been approached, directly or indirectly in reference to the matter by any member of the Government or by any outsider, or that he acted upon anything but the papers that were before him and passed upon them that there was a just claim which ought to be investigated, was absolutely false.

The first charge, therefore, and my desire is to emphasize this point, was absolutely gone, vanished into thin air upon the evidence adduced by the first witness for the prosecution. Or rather, he was the second witness as a matter of fact, the first witness being merely formal to produce documents.

From this on no sane person, in face of that evidence, could argue for a moment that there was any foundation whatever for the allegation that the charge in relation to the fiat could be sustained.

Now I come to the next, which was that the award was corrupt, and a witness called Thorne was examined.

I have no doubt that any lawyer would probably have taken exception to the extreme latitude that I, acting for Sir James Whitney and Mr. Hanna, allowed the prosecuting counsel in his examination of that witness. It was not an examination. It was turned into a series of leading cross-examining questions, from a written statement made by the witness, Thorne, himself, in January of 1912; and I allowed all sorts of idle gossip, of things that were not pertinent to the charge, of things that could not in any Court of Justice have been allowed for a moment to be admitted, because necessarily they would have been confined to the two actual charges which were made. I did so. Why? Because the award being stated to be corrupt, that this man was a mere tool in the hands of Sir James Whitney and Mr. Hanna as part of a piece of machinery to carry out the betrayal of the interests of the Province, I was determined that no person should, from this on, say that the utmost latitude had not been granted so that they might get to the very bottom of any malicious innuendo that the witness might desire to put before the Committee.

What was the result? Mr. Thorne emphatically stated that not only was his award an honest one; that he had taken great care and pains with it; that the award was unsatisfactory to Taylor; that Taylor had protested most vigorously against it; but that the award had been counselled and advised by one of the leading Liberal lawyers and a partner of the very gentleman that the Liberal Party selected as prosecuting counsel here, but who was unable to attend except for a short time; that it was not only counselled and advised by him but drawn up by him.

What then is the result of that? Again I desire to emphasize, Mr. Chairman, that the end of his evidence was that charge No. 2 of a corrupt award and the betrayal in the last sequence of the interests of the Province, was absolutely destroyed.

You know what followed. It is not for me to impute motives; but knowing what I do now—and did not then—a reflected light is cast upon all that went on during the greater part of the first day. More than once I asked my colleague here, "What does this marking time mean? What does this pretended inquiry for books and papers and the statement that they could not go through the mass of papers mean?" I see now. They were perfectly aware of all that Thorne could say; a minute brief in their hands; they were perfectly aware of all that spite and malice could put before the Committee and they took full advantage of it; but they were also aware that the very moment that witness closed—charge number one had gone before—charge number two would go, and that there was not a leg to stand upon in the prosecution of any charges. Their case was gone. It was over. And I suggest that the dramatic retreat to which we were treated yesterday morning was only part of a play. After the continued entreaty by my friend, Mr. Dewart, to let the matter stand over until the next morning, it was a case of "Night or Blucher," and he wanted to get ready—having realized that his case was gone, that there was not a tittle of evidence to support the charges—he wanted an opportunity to consult with his colleagues and see how best to stage the next performance so as to

catch the public eye in this campaign of slander; and we had the spectacle which you saw here, and we now have the stage getting ready for what you gentlemen will, no doubt, be treated to in the House next week, according to the suggestion of my friend, Mr. Proudfoot.

Determined, however, that although the case had not a leg to stand upon, that every vestige of it should be destroyed and that the public should not say that all the evidence bearing upon the matters charged was not before them, I proceeded to call Mr. Montgomery. Who is he? The solicitor of Taylor. Again, a leading Liberal lawyer. Again the charges were killed, and perhaps that was a work of supererogation, a good deal like the action of the two Irishmen, going along, meeting a snake and cutting it in two; as you know, the tail wriggles until sundown, but one of them kept on hammering at it; the other said, "Hould on, why do you bate the poor baste?" The other said, "To make it sinsible of its misfortune." To make them a little more sensible of their misfortunes I continued, and I gave you the evidence from Taylor's solicitor on the question of the award. Not only not corrupt, but he said that it was a niggardly award, and that he had been deprived of at least \$5,000 in one item; he thought the award indefensible in not allowing that item. Taylor had said, and I see the reason for it now, that he thought he could recover at least \$10,000 more if the Government would take back their money and let him start the suit again and refer it to any independent business expert, but he said I will say \$5,000, and if the Government does not lose that I will pay all the costs, and if they succeed I will pay the costs. The reason he said \$5,000 was, this item of the coal amounts to that and Mr. Montgomery said there was not a man in the Department who would not be compelled to admit it as an absolutely legal claim, and that the Province has in its pocket—if you can so describe a Province—that amount of money of Mr. Taylor's at the present time.

There had been the suggestion of a delay of three months stipulated for at the time of the granting of the fiat and that would have been a suspicious circumstance if it were unexplained. Mr. Montgomery says it was at his suggestion and his request because he could not pretend to get his case ready before the summer vacation or during the spring term, the least inquiry—as Mr. Montgomery had written the letter upon which the three month's delay was founded—from Mr. Montgomery, one of their own coadjutors, would have told Mr. Proudfoot that such a charge was wholly unfounded and the innuendo, that it was a part of the scheme, was utterly false.

Now I may say in reference to that, if a solicitor acting for a client puts charges of fraud falsely upon a record, or without even making proper and due inquiry—recently such a solicitor was reported by the trial judge to the Incorporated Law Society of England, with a view to having him suspended. Judge, then, what ought to be the punishment meted out to a gentleman, holding the responsible position of a member of Parliament, who, with all the data before him, showing where he could make the inquiry—if he did it spread this upon the Record falsely, if he did not do it it was because he was determined not to see.

He, Montgomery, also cleared up the suggestion about the demand for a letter, which bears a complexion redounding absolutely to the credit of the Provincial Secretary, who said to him, "I do not want even to negotiate, I do not want even to see the man who made these statements about me, because if they were true that I had been guilty of pilfering in my Department, not only

should I resign, but I am not fit to look any honest man in the face," and he said, "I want a letter of apology for it from him." Montgomery said, "Don't be a damn fool, it has nothing to do with this; cut it out, it matters nothing." Mr. Hanna apparently said, "Well, perhaps you are right," and let it go, and went on with the business of the Department without allowing his personal indignation to interfere with it.

Then I called Mr. Foy, who repeated what Mr. Cartwright had said. He said his hand was the last piece of machinery the fiat had to go through in its necessary course to the Lieutenant-Governor. It is a wonder we had not his Honour brought into it for having granted the fiat. And Mr. Foy said he was a mere automaton in it, he took the imprimatur of his Deputy Attorney-General, and that any suggestion that the fiat was obtained illegally or corruptly was wholly and absolutely false; he had never been spoken to by either of his colleagues, knew nothing about it and the suggestion was a lie.

Then I called Mr. McNaught and he proved not only that the reference was not at the suggestion of the Government or of Taylor; they were absolutely at arm's length; but that it was at his suggestion, as a business man, from his previous experience of lawsuits, and because Taylor was in such bad health, on the verge of nervous prostration, and necessary for him to go south, that he thought the matter should be speedily disposed of and without any appeal; and that when the suggestion of an arbitrator was made, was it Thorne, as you would have expected if this had been part of a matter that had been framed up as suggested? No. Clarkson and Cross for Taylor. And as Thorne was accepted, Mr. Hanna turned with that nice scrupulous care that you would expect from a prominent barrister, and said to Mr. Taylor, "Although you are willing to accept Thorne, before you do so you must understand that Thorne has been in the employ of the Government qualifying himself as a witness against you in this very litigation." Taylor said, "I am quite content to accept him," and Thorne was employed. Then, just to follow that on, Thorne makes the most diligent and careful inquiry. It is said he acted without evidence. How could you get evidence? He goes to the people, makes the inquiry and delves into the books, and it is all a matter of delving from one book to another, and finally he arrives at a set of figures. Does he act upon his own initiative? No, he goes again to the gentleman you had before you this morning; the partner of the very gentleman who is put in the forefront of the battle to conduct their prosecution in the first instance, that they select; he advised with him on every item and he draws the award. And yet with the ability to get at every syllable of that, these charges are made public, and not made public until Mr. Hanna has frankly stated through the lips of the Prime Minister "I admit the \$500" and that is all that they attempt to prove. About that there is no dispute.

But in Mr. McNaught's evidence we probably get the key of what has transpired. We find from Mr. McNaught that the man who had betrayed the confidence of his superior officer, the man who had acted the part of a spy—who in all countries is not even given a trial, but is shot on sight—this creature, for I can only so describe him, who was kicked out of the Department, and who held malice against Mr. Hanna because he would not attempt to protect him from the just indignation of the Premier; this creature, who for his own purpose had stolen a letter from the files and betrayed the confidence of his employer, was the man who inspired it all. He had trucked his information about the \$500 from one section of the country to the other, and he found the only place

where he could get a proper soil to make it propagate was the suspicious mind of my friend Proudfoot. Every other decent man that he went to kicked him out of doors. And Mr. Hanna had said, "Post it if you like on every sign-post from Windsor to Montreal," and it was not until he found a congenial soil for it. They say there are certain bacteria and germs for which some soil is particularly adapted in order that they shall bear fruit. I leave the fact that until it reached the hands of Mr. Proudfoot, no other man in this Province could be got to even lend countenance to the evidence of this slimy creature, Maisonville.

Then I called Sir James Whitney. It is needless to sum up his evidence, because it is put in a few words and you remember it, and not only that, but there is not a single person who believes the charge, not even the man who instigated it himself. And the test was given this morning, I ask the people of this Province to view the conduct of that pale-faced creature who appeared here this morning and who refused to take the oath. I would have liked to ask him, "Did you believe for one moment that Sir James Whitney was guilty of this conduct," and I should like to have heard his answer. It would have proclaimed to the people of this Province that the man who made the charge had no belief in it himself at the time he made it. He was wise in declining to take the oath and in refusing to attempt to father by his oath even his own belief—because that is what I wanted to extract from him—in the charge when he made it, and the other fact—that they endeavored carefully to exclude—that the charge was given to him by this vile creature, Maisonville. However, you saw the triumph of Sir James Whitney's oath, in the declining to accept the responsibility of an oath by Proudfoot this morning. Let him declaim as he will on the floor of the House, I ask the people of this Province to judge, and I do so because he has attempted to sully the reputation of a man whose rugged honesty of administration has purified the public life of this country as no other influence that I am aware of has done since Confederation. I do not always see eye to eye with Sir James Whitney, but I am proud to be able to represent him here, and to say that no man dared take the book in his hands and venture even his own belief in the truth of such a charge.

Then I called Mr. Hanna. I would merely pause to say that I have known Mr. Hanna personally for many years. He was a prominent barrister before he joined this Government. He was a man to whom I was opposed in many cases and his conduct of those cases was always that which would realize the highest ideals of the profession to which I am proud to belong. He has served the people of this Province to the best of those great talents which Providence has given him, he has done more for the social uplift of the underworld and the care of the mentally afflicted under Providence than any other man since the time of John Howard. And again, I am proud to be able to represent him and to throw back from him this gross slander which has been attempted to be cast upon him. In a foolish moment he received and accepted a contribution to the party funds. Now let there be no mistake about this. I have been professionally pretty active in the last thirty years, and I will challenge any leading Liberal or leading Conservative in Canada to stand upon the platform and say that public contributions to the party funds are not an absolute necessity in the proper carrying on of general elections. And there is no pretence that this miserable \$500 was ever used for any corrupt purpose. That is not

even suggested by the vile mind of Maisonville. Mark that. There is no suggestion of personal corruption or that the money was used for anything but perfectly proper public purposes. And again as a tribute to Sir James Whitney and the honesty and cleanness of his administration during the whole of three campaigns, you have never heard it suggested, by even malicious gossip, that elections have been won by bribery or corruption, but they have been won upon the record of the administration and the admiration of this Province for its rugged honesty.

THE CHAIRMAN: Do not forget, Mr. Nesbitt, that I claim the distinction of having the only protest filed against me since Sir James became Premier, and that was withdrawn by the petitioner, and the costs paid by himself.

MR. NESBITT: That is the best comment possible on what I have just said.

Now then, in conclusion, I want to again emphasize that before the withdrawal of these people every shred of their case had gone, and they knew it. Cartwright destroyed the fiat; Thorne destroyed corrupt award; and the gravaman of the charge is entirely illegality, impropriety and corruption. In other words they do not pretend to say that the mere receipt of \$500 for Party funds is improper. It is only improper if it is followed by delivery of goods in consequence of it. That is to say, if it is followed by the person who contributes it obtaining a corrupt advantage at the expense of the people of the Province of whose funds the Government are trustees. There is not a suggestion can be made upon this evidence that the contribution of the \$500, or the threats, had any effect upon Mr Hanna, other than to make him, as Mr. Montgomery, Taylor's solicitor, said, niggardly, hostile to Taylor, that he was anxious from the start to finish to make a record in his Department for economy and for results to the benefit of the people of this Province. I therefore submit that the whole sum and substance of this charge is, a suspicious mind yielding to the suggestion of one of the vilest of God's creatures, who for his own petty spite and malice, has, for months and months, since he found that he had the ability to make a statement that \$500 had been received for public funds, hawked the information about, refused to be accepted by any decent man, and finally getting its lodgment in the mind of my friend, Proudfoot, who, blinded, no doubt—because he is a highly honourable gentleman—by Party spite and partisan prejudice, saw an opportunity of blackening, as he supposed, in the eyes of this country, the reputation and character of the man to whom the people of this Province owe the greatest possible debt of gratitude for his remaining and continuing in public life.

THE CHAIRMAN: Gentlemen, I take it that we are all pretty well seized of the facts and the evidence that is to be considered in this matter. The evidence has been taken at great length. I take it that we will all agree that it is impossible that we should come to a conclusion this morning. It is not desirable that we should come to any hasty conclusion. We should have an opportunity of thinking over and considering fully and carefully every fact, every bit of evidence that has been adduced here, and the conduct of the various witnesses who have been summoned here.

I would suggest, therefore, that we adjourn to meet say on Tuesday, the 6th of May, at half-past ten.

(MEMBERS): Make it ten o'clock.

THE CHAIRMAN: Very well, Tuesday, at ten o'clock. I will undertake then to summarize to you my views of the matter, and we can draft our report and proceed to make a proper Report to the House, if that meets with your approval? Carried.

The Committee's labors are over for to-day, then, and we will meet again at ten o'clock on Tuesday next.

(At 11.45 a.m. Thursday, 1st May, 1913, adjourned to ten a.m. on Tuesday, 6th May, 1913.)

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